Eyes on the Elysee

Why Balladur's hopes may hinge on Gatt

Page 15

New life at Lloyd's

The race to raise cash begins

Page 14

Audi's aluminium car

Space frame challenge to steel's monopoly

Page 12

TOMORROW'S

Weekend FT

Lord Howe: what I think of Thatcher's memoirs

FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY OCTOBER 22 1993

D8523A

Virgin files $1bn antitrust action against BA in US

Richard Branson launched a near-$1bn antitrust lawsuit against British Airways for its "dirty tricks" campaign against Virgin Atlantic Airways.

The action was filed in a New York court citing "unfair and illegal activities" and accused BA of attempting to impede Virgin's growth and trying to "destroy it with targeted predatory anti-competitive practices and acts".

British Airways, which has 60 days to respond to the action, said it had not yet seen the complaint and was not able to comment. Page 9

Commonwealth focuses on Gatt: Commonwealth leaders opened their five-day summit in Limassol stressing the urgent need for a new international trade pact and reaffirming their commitment to human rights. Page 16

Threat to Russian banks: Dozens of Russian commercial banks could be closed or restructured after a sweeping review being undertaken by the central bank, said Dmitry Tulin, the country's new banking supervision chief. Page 16

US derivatives debate intensifies: Wayne Angell, a US Federal Reserve Board governor, intensified the debate on the derivatives markets by declaring that he does not share the concerns of some fellow board members about the futures markets. Page 17

Whyte & MacKay, the UK drinks subsidiary of American Brands, won its two-year battle to gain control of Invergordon, the independent Scotch whisky producer when Fleming Investment Management decided to sell its 13.5 per cent stake for 300p a share. The deal values Invergordon at £382.4m. Page 17; Lex, Page 16

Japan construction scandal widens: Japan's construction industry scandal grew when prosecutors arrested two branch executives of Kajima, one of the country's top contractors, on suspicions of bribery. Page 4; Japan in construction talks to avert sanctions, Page 6

Clash over Israel's Palestinian prisoners: Israeli and Palestinian peace negotiators clashed over the release of Palestinian political prisoners from Israeli jails and over Israeli security proposals. The Palestinian delegation even left the talks for a short time. Meanwhile, Asaad Saftawi, a moderate leading supporter of Yassir Arafat, PLO chairman, was assassinated in Gaza. Page 5

New Burundi president ousted: Paratroopers from Burundi's Tutsi tribe ousted president Melchior Ndadaye of Burundi, ending a short experiment in democracy which had given the majority Hutu tribe a rare taste of political freedom. Page 5

Russia backs down on nuclear dumping:

Russia bowed to Japanese pressure, saying it would not release more nuclear waste into the seas around Japan. It warned that without international financial help it would have to start dumping again. Viktor Danilov-Danilyan, Russian environment minister (left), said international outrage had been exaggerated, adding: "I have to deal with worse ecological problems." Page 4

US tax rise on cigarettes proposed: US president Bill Clinton proposed a 75 cents increase in the tax on a packet of cigarettes to help finance healthcare reform. The measure would have to be approved by Congress.

Nato enlargement seen: Nato recognises that it is on the way towards enlargement to include former members of the Warsaw Pact, Les Aspin, US defence secretary, said. Page 3

Salomon Brothers, Wall Street's most volatile investment bank, fell out of favour with investors again after reporting that it had barely broken even in the third quarter. This result followed a big trading loss in the US. Page 17

Guinness reinforced its alliance with LVMH, the French luxury goods and drinks group, by forming a new joint venture operation in China. The project is the 16th to be established in international Scotch whisky and cognac markets since the two companies became partners in 1987. Page 17

US plans for Nafta jobs losses: The Clinton administration may today announce support for a North American Development Bank, which would fund projects in communities hit by job losses resulting from the North American Free Trade Agreement. Page 6

■ **STOCK MARKET INDICES**

FT-SE 100:	3188.3	(+32.0)
Yield	3.68	
FT-SE Eurotrack 100	1365.45	(+17.11)
FT-A All-Share	1571.07	(+0.9%)
Nikkei	20,179.42	(+6.00)
New York: lunchtime		
Dow Jones Ind Ave	3634.76	(−10.34)
S&P Composite	464.55	(−1.52)

■ **US LUNCHTIME RATES**

Federal Funds:	$2\frac{15}{16}$%
3-mo Treas Bills: Yld	3.096%
Long Bond	$104\frac{7}{8}$
Yield	5.896%

■ **LONDON MONEY**

3-mo Interbank	$5\frac{11}{16}$	($5\frac{3}{4}$)
Liffe long gilt future:	Dec $115\frac{7}{32}$	(Dec $115\frac{3}{32}$)

■ **NORTH SEA OIL (Argus)**

Brent 15-day	$17.225	(17.04)

■ **Gold**

New York Comex -2.1	$371.7	(373.8)
London	$373.3	(372.0)

■ **STERLING**

New York lunchtime:		
$	1.487	
London:		
$	1.487	(1.49)
DM	2.4725	(2.45)
FFr	8.685	(8.68)
SFr	2.1825	(2.1675)
Y	161	(160)
£ Index	80.2	(79.9)

■ **DOLLAR**

New York lunchtime:		
DM	1.663	
FFr	5.833	
SFr	1.468	
Y	108.295	
London:		
DM	1.6635	(1.645)
FFr	5.84	(5.8125)
SFr	1.468	(1.455)
Y	108.25	(107.3)
$ Index	66.0	(65.8)

Tokyo close Y 107.80

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L8000
						UAE	Dh11.00

Bundesbank cuts rates by half-point

German move eases pressure on weak ERM currencies

By Christopher Parkes in Frankfurt and Peter John and Peter Marsh in London

THE GERMAN Bundesbank cut its discount and lombard rates by half a percentage point each yesterday, triggering a spate of rate cuts across continental Europe.

The surprise move eased pressures on several weak currencies in the European exchange rate mechanism.

Mr Lloyd Bentsen, the US Treasury secretary, said in Washington that the cut would "help strengthen world growth and create jobs".

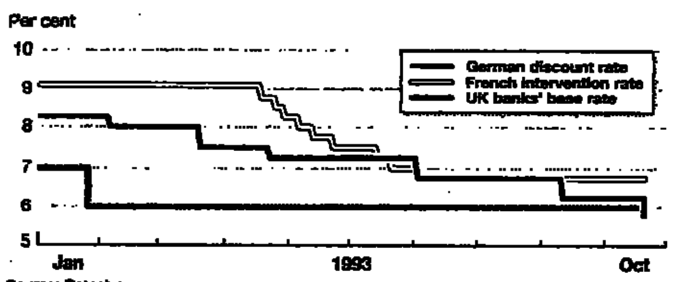
The German central bank agreed at a meeting of its decision-making council to cut its discount rate, which sets the floor for German money rates, to 5.75 per cent. The lombard rate, which it uses to lend emergency funds to banks against collateral, was lowered to 6.75 per cent.

The move – which followed a similar half-a-percentage reduction in both rates on September 9 – was followed by cuts in interest rates in the Netherlands, Belgium, Italy, Austria and Switzerland. Sweden had anticipated the German move by cutting rates earlier in the day.

Mr Hans Tietmeyer, the new Bundesbank president, said the cut marked an adaptation to economic changes. Factors influencing the decision included the revaluation, in effect, of the D-Mark against other currencies since the widening of the ERM's fluctuation bands at the beginning of August.

But he said the bank's policy was not driven by exchange rate considerations, nor was it affected by other people's thinking or requirements. "We cannot be a central bank for Europe". Asked about recent tensions in the ERM, notably affecting the Belgian franc, he said he hoped they were temporary.

European interest rates



Source: Datastream

Yesterday's decision appeared to have been heavily influenced by poor prospects for a domestically driven recovery from recession. German economists expect internal demand to remain weak well into next year.

On Bundesbank calculations, the German economy has yet to show signs of recovery. Third quarter gross domestic product was expected to be unchanged from the second quarter, Mr Tietmeyer said. The bank was trying to support recovery "within the limits of its powers". The Bundesbank also cut its "repo" rate, with which it provides liquidity to the banking system, to 6.4 per cent from 6.67 per cent.

Although neither France nor Britain took advantage of the boost the German move gave to their currencies against the D-Mark by cutting borrowing rates, stock markets in both countries moved ahead strongly on the expectation of official moves to ease borrowing conditions.

On the Paris bourse, shares surged by 2.3 per cent while in London the FT-SE 100 index of leading shares gained 32 points to close at 3,188.3, for the second consecutive record closing high. Elsewhere, share prices on the Zurich and Amsterdam bourses moved ahead by about 1 per cent.

Currency markets saw heavy selling of the D-Mark as investors shifted funds into the US dollar. The dollar rose nearly two pfennigs against the D-Mark to DM1.6635 and the pound was closed more than two pfennigs higher on the day at DM2.4725.

The French franc rebounded by two centimes to FFr3.5120 against the D-Mark as investors anticipated an early rate cut.

Monetary stability helps Bundesbank act, Page 3
France ready to cut rates, Page 3
Editorial Comment, Page 15
Lex, Page 16
Bonds, Page 23

Thai telecom flotation to raise $400m

By Victor Mallet in Bangkok and Andrew Adonis in London

TELECOMASIA (TA), a subsidiary of the multinational Charoen Pokphand group, plans to raise about $400m through a partial public flotation on the Stock Exchange of Thailand, which is expected to value the whole of TA at about $4bn.

TA has received permission to list 223m new shares on the exchange. The existing 2bn shares are 85 per cent owned by the CP group and 15 per cent by Nynex of the US.

Foreign investors will be able to buy about 40 per cent of the new shares, with the rest going to Thais, according to stockbrokers in Bangkok. The company has appointed 60 local finance and securities companies to underwrite the issue in Thailand.

The flotation reflects the growth ambitions of governments and telecommunications operators in the Asia-Pacific region, where demand for lines and services is growing fast. Overseas operators and investors are expected to play a key role in providing expertise and capital to expand networks rapidly.

TelecomAsia has a franchise to set up 2m telephone lines in the Bangkok area. Another consortium, including the Japanese operator NTT, has a franchise to set up 1m lines in the provinces, sharing a proportion of the network revenue with TOT, the domestic telecom operator.

TA, whose main overseas underwriter is Salomon Brothers, begins a foreign "roadshow" in Hong Kong today to publicise the issue. The roadshow will then move to Europe and the US.

With about three lines for every 100 people, Thailand is far better placed than India, the Philippines or China, but far behind the economic leaders in the region. Hong Kong has 47 lines per 100, Taiwan and South Korea about 35.

Mr Andrew Harrington, Salomon Brother's Asia telecoms analyst, estimates that by 1997 Thailand will have about 4.5m lines – nine per 100 people – making it one of the region's fastest growing telecoms markets. By then the regional average will be about four lines per 100.

The offer price will be set later and the shares offered to the public from November 22 to 26, with official trading starting in mid December. Stockbrokers expect a price of between 40 baht and 50 baht ($1.98) a share.

TA will become one of the biggest companies by value on the Thai exchange, ranking alongside Bangkok Bank, Bangkok Land and Thai Airways International.

Continued on Page 16
Background, Page 22

Reuter

Air France strikers defy riot police as they attempt to block air traffic at Orly airport, Paris, on the third day of their increasingly violent protest against job cuts

Balladur plea to strikers, Page 16

UK criticised for 'expensive' aid project

By David Dodwell, World Trade Editor

BRITAIN'S National Audit Office fiercely criticised the UK government yesterday for approving aid funding for a £417m hydroelectric power plant in Malaysia that will cost Malaysians £100m more than less expensive alternatives.

Funding arrangements were also condemned for adding at least £56m to the cost to the British taxpayer over the 14-year life of the project.

The 16-page report traces how Mr Douglas Hurd, Britain's foreign secretary, gave the go-ahead to the project, led by Balfour Beatty, the construction group, owned by BICC of the UK, in July 1991. In doing so, he overrode more than two years of advice to the government that the project, on the Pergau river in peninsula Malaysia's eastern state of Kelantan, was uneconomical.

The report makes it clear that foreign policy factors dictated the decision to go ahead rather than any commercial logic.

Most significantly, the UK government was anxious to patch up relations with Malaysia after almost a decade during which Dr Mahathir Mohamad, the country's prime minister, had followed a "Buy British last" policy in retaliation for rises in university fees for foreign students at British universities. Malaysia at the time had 14,000 students in higher education in the UK.

"It is not for the National Audit Office to question the merits of this policy decision," the report says, going on to note that if the government had opted for the most economical financing arrangements, taxpayers would have spent not £234m in aid support for the project over its 14 year life, but £108m.

"Even if costs were discounted to their present values the chosen method of implementation would cost the UK £56m more than it might otherwise have done."

The £234m cost was the largest cash sum ever provided by the British government for a single aid-funded scheme.

The report shows how, from as

Continued on Page 16

Report shows US productivity is ahead of Japan's

By Tony Jackson in London

THE AVERAGE Japanese industrial worker, research shows, is only 83 per cent as productive as the average American and only slightly ahead of the average German.

Manufacturing productivity in Japan, according to a study from McKinsey, the international management consultants, is world-beating only in certain industries. Japan maintains a clear lead in internationally traded goods such as cars, steel and consumer electronics.

But in brewing, US workers produce half again as many pints per head as the Japanese, and twice as many as the Germans. In food manufacturing, Japan's output per hour worked is only a third of America's.

Japan's poor record in food, the study says, is largely due to protectionism and the weakness of Japanese retailers. Japan has more than three times as many food processing establishments as the US. Whereas the top five food retailers in Germany account for 43 per cent of the market, and in the US for 21 per cent, the figure in Japan is only 5 per cent.

The key to improving productivity, McKinsey says, is global competition. In a truly global industry such as computers, there is little difference between the US and Japan, although the US retains a slight edge.

In car manufacture, the US has been goaded into catching up with Japan by the challenge of Japanese car plants set up in the US in the 1980s. Germany still lags badly in cars because of past EC barriers against Japanese imports.

Similarly, German productivity in consumer electronics is only half that of Japan.

The study concludes that the best way to improve productivity is through foreign direct investment, rather than exports. Transplants introduce higher productivity standards into a country, demonstrate they can be achieved by local workers and put pressure on domestic producers to follow suit.

This also represents a big opportunity for global manufacturers, McKinsey says. Because there are such large variations in productivity between countries within the same industry, manufacturers can increase their profits by transferring their methods abroad.

Japan's image of efficiency dented, Page 2

CONTENTS

 No 32,198 Week No 42

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Delors attacks 'passive' attitude to work crisis

By David Gardner in Brussels

THE European Commission president, Mr Jacques Delors, yesterday attacked those in Europe unwilling to contemplate the sort of changes needed to get the Community out of its jobs crisis, comparing this "passivity" unfavourably with the "active" nature of US society.

Mr Delors is not known as a great admirer of the US model of economic development, but used the comparison to underline that "the biggest scandal [in Europe] is that we have the lowest rate of participation of the labour force [in employment] with the highest rates of unemployment".

The European welfare model of society was essential to the survival of Europe, he said, but in achieving this, "our most dangerous adversaries are those who don't *want to* change anything".

Mr Delors was speaking at a three-day conference organised by the Commission on employment in Europe, which had earlier witnessed EC employers and trade union leaders cross swords on how to make labour markets more flexible.

Looking forward to the White Paper on competitiveness, growth and employment that the Commission is producing for the December summit of EC heads of government, Mr Delors drew attention to general ideas rather than concrete recommendations which are still being shaped by Brussels.

"First of all we have to reinsert the long term into our economic thinking," he declared. He called on EC leaders to retrieve the threads of economic and monetary union, arguing that "we are the victims of frequent competitive devaluations" by our main trading partners in the US and Japan.

The EC, he said, had to stop thinking purely in terms of shedding labour as the only way of restructuring industry.

It had to think more of moving charges on employment like social security on to "the rare resource of the environment", and of ideas like shorter working hours in order to share out jobs.

Returning to a frequent theme of recent months, the Commission president said that how the EC dealt with the jobless crisis would show whether Europe "is opting for survival instead of decline".

● More than 10,000 steelworkers blocked motorways yesterday to protest against the German government's plan to reduce social welfare payments drastically, writes Ariane Genillard from Bonn.

Brussels plan for 20m jobs needs more than ideas

Flynn proposals may mark a turn in Europe's social agenda, writes **David Goodhart**

IT IS not often that EC commissioners receive spontaneous ovations from their peers at Commission meetings. But Mr Padraig Flynn, the EC's social affairs commissioner, received one last week after spelling out his ideas for creating jobs without dismantling labour protection.

These ideas will form the basis of the labour market section of Mr Jacques Delors' White Paper on growth, competitiveness and employment, to be published next month.

Most of the innovations – such as shifting employers' non-wage labour costs on to the state and paying for them with an EC energy tax – lie outside the Commission's competence.

So it is primarily an exercise in exhortation and setting targets. Reaching the target of 5 per cent EC unemployment by the year 2000, down from the current 10.4 per cent, will require the creation of 20m jobs and looks over-ambitious even if the Commission's proposals are widely adopted.

What lies behind the Commission's new thinking on job creation? The labour market reformers around Mr Flynn do not like to use the concept of deregulation – they see it as being tainted by association with the easy hire-and-fire laws of Britain. But some of Mr Flynn's ideas, articulated in Brussels this week, are not so far away from the views of Britain's Conservatives.

● Member states should encourage increases in hourly wages below the rate of productivity growth.

● Member states should reduce the cost of less-skilled labour, especially in the labour-intensive service sector, by cutting taxes and social security contributions and making them more progressive.

● Competition policy should be reviewed to remove distorting general subsidies to employment. Officials also talk privately about shifting industrial subsidies from large companies – which now receive the lion's share – to small and medium-sized businesses.

To suspicious European trade unionists much of this will sound like using the language of the left – solidarity between the employed and the unemployed – to implement a policy usually associated with the right - restraining labour costs.

Mr Flynn's aides would argue that the coupling together of "solidarity and competitiveness" transcends left and right. "There is a bit in the White Paper for everyone and there is quite a lot that we do not expect the unions to like. But the key point is how to achieve equity and welfare goals in ways that do not price people out of jobs," said one official.

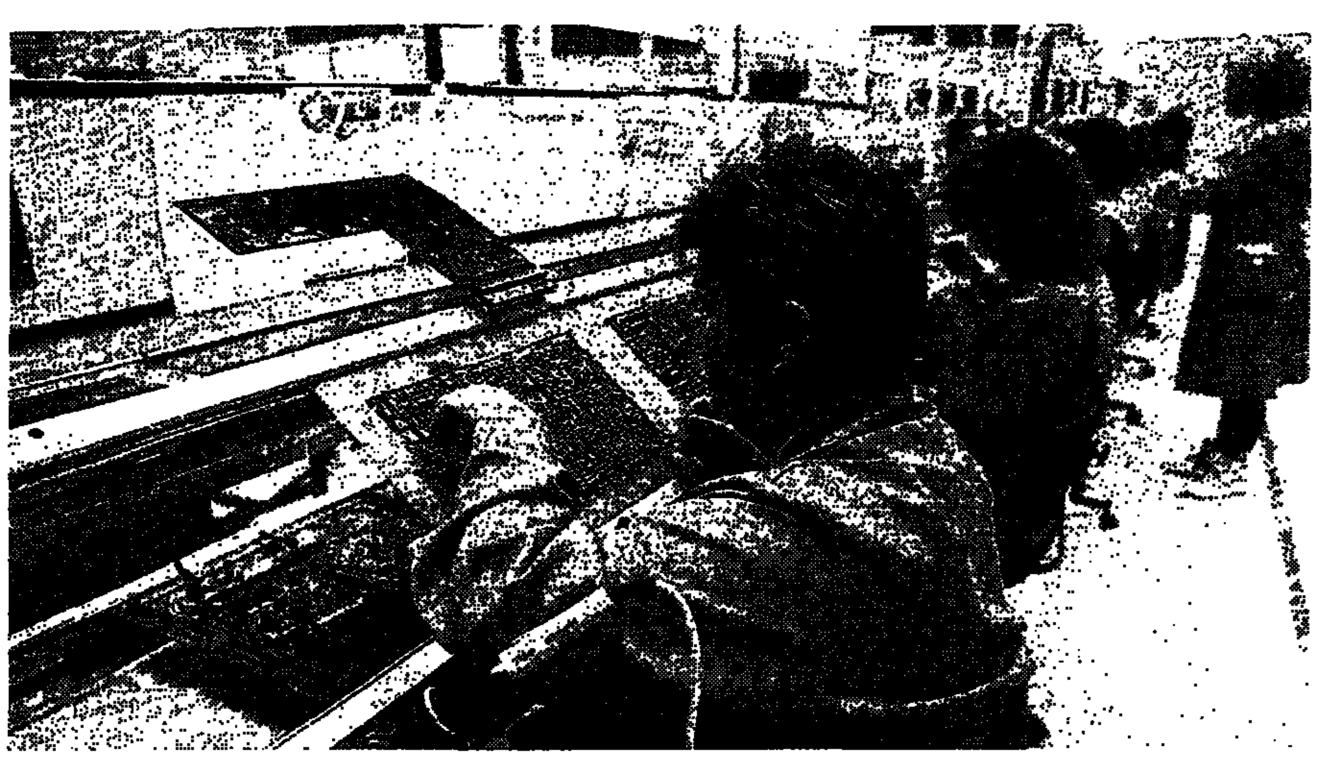
However, many questions remain unanswered. For example, by what mechanism in a market economy can wage restraint or a reduction in working time by the securely employed be effectively translated into new jobs for the unemployed?

Neither does Mr Flynn spell out his idea of "re-regulation" - as opposed to deregulation - to take account of the demise of the steady job for life. He has talked about adapting benefit systems in line with the fact that many new jobs are part-time. But beyond that he has offered only vague generalisations about how working time should be reorganised to respond to workers' new expectations and to fully exploit new capital equipment.

Critics concede that more employment intensive growth and a wider sharing of jobs and incomes are laudable goals. But action to reach these goals requires intervening in national labour market regulations, pay-setting systems and welfare regimes, which all have long histories and are not easily disturbed by national governments, let alone the European Commission.

British critics would point out that the EC's immediate legislative agenda in the social field - the working time directive and works council - has little to do with job creation.

By the year 2000 Mr Flynn will no longer be in Brussels and people will probably have forgotten his 5 per cent unemployment goal, but they might just remember his package of ideas as marking a new turn in Europe's social agenda.



Tony Andrews

Production line: producing 20m more jobs in the EC by the year 2000 could prove a tall order

Ukraine to keep Chernobyl plant open

By Jill Barshay in Kiev

THE UKRAINIAN Parliament decided to continue nuclear energy production at the Chernobyl power plant yesterday, reversing its order to shut down the power station by the end of this year.

Chernobyl is the site of the world's worst nuclear disaster in 1986, which was responsible *for 8,000 deaths and radioactive* contamination in Ukraine, Russia and Belorussia.

The decision to keep Chernobyl open is part of Ukraine's policy to develop domestic energy production and reduce reliance on its main energy supplier, Russia, with whom Ukraine has had difficult relations since the break-up of the Soviet Union. Cash-strapped Ukraine is plagued with energy shortages and has a $2.5bn oil and gas debt to Russia.

Atomic energy currently accounts for 35 per cent of the nation's electricity consumption. Although public opinion is strongly against nuclear power, Ukraine's energy crisis has swayed the parliament into overturning the popular 1991 order to close Chernobyl.

However, many western and Ukrainian scientists have questioned the long-term safety of the Soviet-designed RBMK reactors, which are not used in the west. More than 115 nuclear safety violations have occurred at Ukraine's five power stations since the beginning of this year.

Only two of Chernobyl's four reactors are in operation. A third reactor was shut down two years ago after a fire. The fourth reactor, where the Chernobyl explosion took place, is encased in a cracking concrete shell. A replacement shell is to be constructed.

Report dents Japan's image for efficiency in manufacturing

By Tony Jackson

JAPAN'S efficiency in manufacturing, according to the international management consultants McKinsey, is not all that it is cracked up to be. In some sectors, such as cars and consumer electronics, the Japanese still rule the world. But in protected areas like food and beer, Japanese productivity is *wretched*: so much so, says McKinsey, that Japan's overall productivity is 17 per cent worse than America's, and only a shade better than Germany's.

McKinsey's results, based on a year-long study, measure value added per hour. The study looked at nine industry sectors, arriving at a weighted average of performance based on the number of workers employed in each. The findings on each sector show enormous variations.

Car assembly: In 1990, value *added per hour worked in* Japan was 16 per cent higher than in the US. German productivity was one third below US levels. The key factors governing productivity in the car industry, says McKinsey, are the organisation of labour and design for manufacturing, rather than worker skills or high-tech factories.

The US has drawn close to Japanese productivity levels in response to the challenge of Japanese transplants in the US. The study finds that US carmakers are now on average as productive as Japanese makers, with the exception of Toyota, the Japanese industry leader. Germany lags behind Japan principally because it was protected from Japanese *competition in the past.*

Motor parts: Japanese productivity is 24 per cent higher than that of the US, while Germany was 24 per cent lower. Japan's lead is attributed partly to the strength of its car manufacturers, partly to differences in industry structure. Whereas Japan has more parts producers in total, far fewer of them supply directly to the carmakers. This tiered structure reduces the level of operational complexity – and cost.

Metalworking: Japanese productivity is 19 per cent ahead of that in both the US and Germany. During the 1980s, Japanese manufacture of machine tools and robot systems moved from craft methods to a modern industrial process. Japa*nese companies thus have lon*ger production runs and economies of scale. German and US companies have been slow to make this transition, though the US is catching up.

Steel: The US and Germany are equal in value added per hour worked. Japan is 45 per cent ahead. Only 6 per cent of Germany's production comes from new-style mini-mills, as against more labour-intensive integrated mills. The US has the same percentage of mini-mills as Japan. However, it has been held back by financial restructuring and the lenient US bankruptcy laws, which have allowed old-style integrated mills to carry on producing despite being uneconomic.

Computer hardware: Japan lags the US by 5 per cent, Germany by 11 per cent. Production is global, with US companies accounting for 17 per cent of Japanese production – the highest figure for any industry. The industry is characterised by global competition and hence convergence in productivity.

Consumer electronics: Japan *is 15 per cent more productive* than the US, Germany 28 per cent less so. Japan's good performance is chiefly due to intense domestic competition, Germany's poor showing to trade barriers and protectionism. The US picture is misleading, since the only important product made in the US is televisions, of which only 8 per cent are made by indigenous *US manufacturers.*

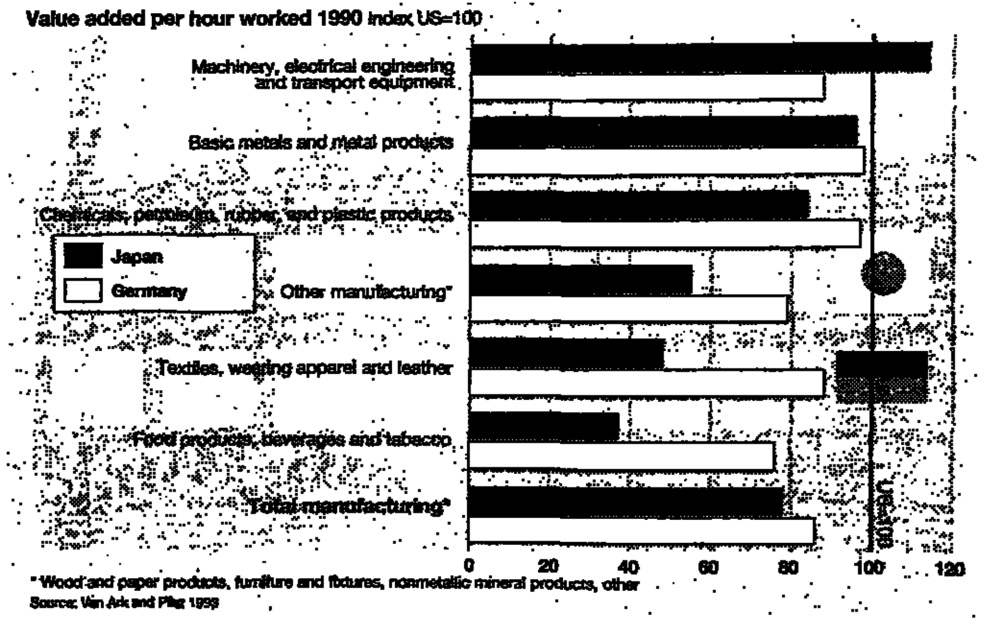
Food manufacturing: Japan's output per hour worked is one third of that in the US and less than half that in Germany. The Japanese industry employs roughly the same numbers as that in the US for one third of the output. Even the bigger Japanese companies do not face overseas competition, which is kept out *by tariffs, quotas and the com*plexities of the distribution system.

Brewing: Japan produces 31 per cent less beer per worker than the US, Germany 56 per cent less. In Germany, the industry is highly fragmented, with more than 1,000 breweries producing 12.5bn litres a year, compared to 67 US breweries producing 23.1bn litres. Japa*nese breweries are large* enough to produce scale economies, but the government protects smaller brewers from competition.

McKinsey's results, based on a year-long study of nine industry sectors, reveal enormous variations.

Productivity: Japan and Germany compared to the US

Value added per hour worked 1990 index US=100



* Wood and paper products, furniture and fixtures, nonmetallic mineral products, other
Source: Van Ark and Pilat 1993

Switzerland heads for big deficit

By Ian Rodger in Bern

SWITZERLAND'S public sector will run up a deficit of over 3 per cent of gross domestic product this year, the finance ministry forecast yesterday.

"We must recognise that Switzerland is in danger of losing its reputation as an island of stability in public finance," the ministry said in a statement supporting plans to cut spending and raise taxes. The federal deficit alone, originally forecast at SFr3.5bn ($2.44bn) this year, was expected to surpass SFr6bn and rise to SFr7.1bn next year.

Revenues have slumped and social security spending soared during the three-year-long recession, but roughly half of the deficit was attributable to structural factors and would not disappear with a recovery.

The government hoped to boost revenues with the introduction of a modest 6.5 per cent value added tax in 1995.

Belgian unions refuse to talk

BELGIUM'S Socialist trade unions yesterday refused to negotiate with employers and the government on measures aimed at cutting labour costs, writes Andrew Hill in Brussels. They said an outline agreement proposed by Mr Jean-Luc Dehaene, the Christian Democrat prime minister, at the outset of crucial talks on Wednesday was "unbalanced".

Belgium's other large union bloc, the confederation of Christian unions, said it would continue to negotiate.

Clinton offers aid to Georgia

By Gillian Tett in Moscow

PRESIDENT Bill Clinton of the US yesterday threw his weight behind Mr Eduard Shevardnadze, the embattled Georgian leader, expressing his full support for the Georgian president and "territorial unity and sovereignty" of Georgia.

In a letter to Mr Shevardnadze, Mr Clinton offered to send more humanitarian aid and to act as a mediator in the bitter conflict between the Georgian government and Abkhaz separatists, who seized most of Abkhazia last month. Mr Clinton also invited Mr Shevardnadze to talks in Washington. The invitation provides a boost for Mr Shevardnadze, who has suffered losses both to Abkhaz separatists and to rebels loyal to the former leader, Mr Zviad Gamsakhurdia.

The situation in western Georgia, scene of the fighting between rebel forces and the government army remained confused. The government claimed to have seized the port of Poti but Mr Gamsakhurdia denied the report.

Reuter adds: Mr Gamsakhurdia said yesterday his rebels controlled most of western Georgia and that he did not intend to take the capital Tbilisi by force.

Brussels pushes through regional aid share-out

By David Gardner in Brussels

THE European Commission yesterday pushed through the main part of its share-out to member states from the Ecu157bn (£121.8bn) regional aid budget for 1994-99, overriding last minute protests from Ireland and complaints from Italy.

Brussels also warned the UK again that it stood to lose "a significant amount" of its entitlement of aid from the 1989-93 budget, because of failure to observe obligatory requirements to match EC funds with equivalent sums from the national budget.

Yesterday's decision came after overnight meetings between Mr Dick Spring, the Irish foreign minister, Commission president Jacques Delors, and Mr Bruce Millan, EC regional policy commissioner. Dublin accused Mr Delors of going back on his word to guarantee Ireland I£7.8bn (£7.4bn) from the new structural aid programme.

Nevertheless, the Commission yesterday allocated Ireland I£7.2bn – the lower end of the band discussed at marathon meetings of the EC council of ministers last July, when Ireland had threatened to veto the whole programme.

Mr Millan said yesterday: "I think we've got a very fair and equitable distribution here." He pointed out that the Commission was obliged to share out the money on objective criteria, like population, income per head, unemployment levels and size of rural workforce. Ireland, which under the last aid programme received twice as much per capita as the three other poorest EC member states, Spain, Portugal and Greece, was getting "extremely good figures", he insisted.

But he held out hope for higher allocations for Ireland, announcing there would be a mid-term review, which could reallocate funds from member states whose aid programmes were performing badly, to those who were making best use of the EC finance. Ireland, he acknowledged, "is a very good performer".

Italy, one of the worst performers under the Ecu63bn programme for 1989-93, got a new allocation of Ecu14.9bn, or Ecu1.9bn less than it was expecting.

The funds allocated yesterday were for "Objective 1" or backward regions, which overall receive Ecu93bn of the structural aid budget. In 1992 prices, Spain got around Ecu38bn, Greece and Portugal more than Ecu19bn, Germany nearly Ecu14bn for its eastern Länder, and France and the UK over Ecu2bn each.

The UK allocation for Objective 1 areas, for Northern Ireland, Merseyside and the Highlands and Islands of Scotland, came out at Ecu2.36bn for 1994-99, in 1994 prices, at the top end of expectations.

But Mr Millan said he was concerned Britain would not be be able to take up its full entitlement under the current programme because of the continuing dispute over how the UK accounts for the money. "That situation will have to be remedied very quickly," he said, otherwise the money will be lost by the end of the year.

He also confirmed that the UK was in danger of losing "a fairly large sum of money" it could seek from the European Social Fund for retraining the unemployed, because it had failed to claim in line with devalued pounds following sterling's departure from the European exchange rate mechanism last year.

Mr Millan would not put figures on the UK's unclaimed allocation but said "there is still a significant amount to be claimed before the end of the year". By contrast, much higher amounts unclaimed by Italy – because of a failure to come forward with plausible projects – had been reprogrammed into projects which were successful.

Tempers frayed as Irish show disappointment

By Tim Coone in Dublin

THE ROW between the Irish government and Mr Jaques Delors, the European Commission president, over Ireland's allocation of EC structural aid for 1994-99, intensified yesterday.

Claims and counterclaims have flown between Mr Delors and Dublin over whether or not the Commission *promised* to allocate to Dublin more EC money than it was able to give.

The Commission yesterday approved an allocation of I£7.2bn, I£640m less than the Irish government claims it had been assured by Mr Delors in a meeting last July.

Last night in an interview with Irish radio and TV, Mr Delors said that Mr Bertie Ahern, the Irish finance minister, had asked the Commission to delay the funding announcement to Ireland until after the Irish Government had set out its I£20bn national development plan – in effect to avoid adverse publicity at the plan's launch. "I followed his advice and postponed the meeting," Mr Delors said.

Mr Delors had already said, earlier this week, it was "a lie" that he had broken a promise to Irish ministers.

The EC funds are the linchpin to Ireland's national development plan, which aims to create 200,000 jobs up to the end of the decade.

Mr Ahern said: "I have some control, but unfortunately my power does not extend to deferring Commission meetings in Brussels or changing items of the agenda. . . What upset me, and it's not easy to upset me, is the idea all of a sudden I have the power to change Commission meetings, to change the agenda, because that is something that just did not happen. . . The only thing I asked him was that we expected that the agreement of July 20, as we understood it, would be honoured."

The row spilled over into the Irish parliament, where angry exchanges between government and opposition led to temporary suspension of debate and expulsion from the House of Mr Prionsias de Rossa, the leader of the opposition Democratic Left party. Mr De Rossa had accused the government of "fraud and deception" over the EC structural aid figures.

Mr Albert Reynolds, Irish prime minister, *shouted*: "I will not accept that. I misled nobody."

After returning from the EC Edinburgh summit last December, when agreement was reached on expanding the structural fund and creating a new cohesion fund, Mr Reynolds told parliament: "The agreement now reached ensures, and I say this with complete confidence, that Ireland will obtain in excess of I£8bn over seven years. This will comprise up to I£1bn from the new Cohesion fund and more than I£7bn from the structural funds."

Nonetheless, Mr Ahern acknowledged yesterday that Mr Delors' goal on structural fund shareout was opposed by Mr Bruce Millan, commissioner responsible for regional policy. "I knew all year he had problems (with the figure). . . what Bruce Millan was saying for many months is what has happened in effect," he said.

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NEWS: EUROPE

Germans split on economic way forward

By Quentin Peel in Bonn

SHARP differences emerged yesterday between the German government and the opposition over ways of tackling the country's growing unemployment crisis, and fears over its weakening international competitiveness.

Chancellor Helmut Kohl issued an urgent appeal to both sides of industry to slow down the rise in wages, and take drastic action to improve labour flexibility.

In response, Mr Oskar Lafontaine, deputy leader and economy spokesman of the opposition Social Democratic Party (SPD), called for cross-party and cross-industry agreement on a national employment pact, with measures from the government to boost investment spending specifically to create new jobs.

He set out a 10-point programme, intended to be the basis of the SPD election campaign next year, setting unemployment and economic recovery in east Germany at the top of the election agenda.

The two statements of economic policy came in a parliamentary debate on the government's report on securing the country's future as an industrial location - the so-called Standort Deutschland.

Mr Kohl warned that Germany urgently needed to create up to 5m new competitive jobs.

He attacked not only labour market inflexibility, but the failure of German industry to invest enough in research and development, citing in particular the micro-electronics industry. German companies registered patents for just 181 micro-electronic inventions in 1992, compared with 289 in 1987, he said. In Japan, the number registered in the same two years rose from 17,408 to 23,082. He also criticised German red tape, and the slow progress in negotiations on privatisation in two key areas: the Deutsche Telekom, and the German railways.

He warned that the German small business sector was endangered by the growing trend towards academic education, and away from industry-oriented professional training.

Monetary stability helps Bundesbank act

By Christopher Parkes in Frankfurt

IF there was one central factor behind yesterday's surprise cut in the German discount rate to 5.75 per cent, it was last July's loosening of the shackles of the European exchange rate mechanism.

The widening of the fluctuation bands has reduced virtually to nil the need for intervention buying of troubled member currencies.

This means first that the Bundesbank's leading indicator, the M3 measure of money supply growth, will no longer be driven upwards by the backwash of currencies which has characteristically followed massive interventions in successive ERM crises. Second, it has promoted an unwelcome, though not excessive revaluation of the D-Mark. Since the band-widening at the end of July, and despite a half-point cut in the discount rate on September 10, the German currency has been effectively revalued by 2 per cent against its European exchange rate mechanism relations, according to Mr Hans Tietmeyer, the new central bank president. Against a basket of 20 other important currencies it is up 3.6 per cent, and 5.5 per cent against the US dollar.

This is not helpful to an export-based economy trying to escape the clutches of recession.

If, as Mr Tietmeyer said yesterday, the horizon is looking brighter, the outlook is better at least in part because the view is no longer fogged by the uncertainties inherent in the management of the ERM. Applying the instruments of what he called the bank's "forward-looking policy", he detected improved prospects for greater monetary stability.

Provisional figures published earlier this week showed M3 growth continuing to move slowly down towards the 6.5 per cent top limit of the bank's target range. A surge in private sector credit growth, which helped keep the September growth rate at 7 per cent was "only temporary", according to Mr Tietmeyer.

Inflation was also clearly easing, he said. The latest headline figure was still "too high" at 4 per cent, but the consumer prices index had been rising at an annualised 2.4 per cent over the past six months.

Inflation in the construction sector, which is belatedly feeling the effects of recession, had also slowed significantly.

The trick now is for all to continue to play their part in providing the conditions in which the economy can start moving again.

The Bundesbank, as always, hopes for moderation from the coming pay round and determination from the government on budget consolidation.

As Mr Tietmeyer pointed out, economic growth in the third quarter was expected to stagnate at second quarter levels, and there were no clear signs of speedy growth. Incoming orders were a little higher, but exports were not increasing noticeably.

Industrial capacity utilisation had fallen in September after earlier signs of improvement.

Showing enthusiasm for cutting rates runs counter to the Bundesbank's culture, but its pointed efforts of yesterday to improve German competitiveness with moves apparently calculated to lessen the exchange rate burden on industry, suggest there is more to come, and like yesterday's move, cuts could come rather sooner than expected.

Frankfurt's move gives ERM breathing space

By Peter John in London

THE decision by the Bundesbank to cut key lending rates defused tensions within the European exchange rate mechanism as investors anticipated lower interest rates throughout continental Europe.

The news sparked rises in the French franc and Danish krone against the D-Mark. Shortly afterwards Switzerland and Belgium also cut key rates.

The French franc rose two centimes to FFr3.5120 to the D-Mark from FFr3.5320 at the close of European dealing on Wednesday.

Many economists believe the French government will take advantage of its currency's strength and cut rates over the next few days.

In spite of its rate cut yesterday, Belgium was considered by many investors to be suffering problems that need far more than a small easing in borrowing conditions. An initial lift for the Belgian franc from the German rate cut was offset by news that some unions had pulled out of negotiations on the country's social pact on wages and unemployment.

It fell back to just below BFr21.80. But, later in the day, the Belgian National Bank cut its key interest rate by to 9.4 per cent from 9.65 per cent and its discount rate by half a point to 6 per cent. The currency recovered to close at BFr21.67 to the D-Mark, up from BFr21.86 previously.

Mr Neil MacKinnon, currency analyst with Citibank was sceptical of the effect the cut would have on both the French and Belgian currencies. "The best you can say about the Bundesbank cut is that it provides a breathing space but the scale of reductions needed in Belgium and France are much greater than a German reduction allows."

Denmark, languishing at the bottom of the European Monetary System and maintaining high rates while inflation is only about 1 per cent, was expected to cut its official 14-day rate to 8 per cent from 8.5 per cent.

The Danish Krone rose to DKr4.0255 to the D-Mark from DKr4.0592. Meanwhile, the Swiss National Bank cut its discount rate to 4.25 per cent from 4.50 per cent.

The main beneficiary in currency markets was the US dollar which will offer a relatively stronger return as the difference between US and German short-term rates narrows. Short-term speculators sold D-Marks to buy the dollar, pushing it up by nearly two pfennigs to DM1.6635, against DM1.6450 previously. The pound surged two pfennigs to DM2.4725, from DM2.45 previously.

Sweden's central bank cut its key interest rate yesterday in a further attempt to pull the country's economy out of its worst recession since 1945, writes Christopher Brown-Humes in Stockholm. The reduction from 8 per cent to 7.75 per cent is the latest in a series of cuts which has brought the bank's marginal rate down from 12.5 per cent last November before the Swedish krona was floated. The cut was made before the Bundesbank decided to lower German interest rates.

France ready to seize chance of interest rate cut

By John Ridding in Paris

THE Bank of France will seize the opportunity to cut interest rates following yesterday's move by the Bundesbank, according to economists and currency analysts in Paris.

The intervention rate, which sets the floor for money market interest rates, is expected to be cut today or early next week by between a quarter and a half of a percentage point from its present level of 6.75 per cent.

The intervention rate has remained unchanged since the summer's European currency crisis despite pressure on the government of Mr Edouard Balladur to reduce borrowing costs to stimulate France's recession-hit economy.

"They are sure to move now," said Mr Christopher Potts, economist at Banque Indosuez in Paris. He said that the only question was the size of the cut in the intervention rate. The cautious approach of the French monetary authorities to interest rate cuts and the recent weakness of the French franc against the D-Mark, however, suggest an initial cut of a quarter of a percentage point rather than a larger reduction.

The Paris stock market responded enthusiastically to the Bundesbank rate cut. The CAC-40 index rose by almost 2 per cent to 2,189.

The prospects for reduced interest rates were also enhanced yesterday by statistics from the Bank of France which showed the net deficit in foreign exchange reserves had narrowed from FFr65.3bn (£7.6bn) to FFr55.8bn in the week to October 14.

The need for the central bank to rebuild its foreign exchange reserves, which were exhausted in the unsuccessful defence of the franc's ERM parity with the D-Mark, has been one of the principal reasons behind the financial authorities' commitment to a stable franc and the cautious approach to interest rate cuts.

Nato expects to expand 'sooner rather than later'

By David White in Travemünde, Germany

NATO recognises that it is on the way towards enlargement to include former members of the Warsaw Pact, Mr Les Aspin, US defence secretary, said yesterday.

"We know that there's going to be an expanding membership," he said. He went further in his prediction than did Mr Malcolm Rifkind, UK defence secretary, who earlier described enlargement as an "option".

Mr Aspin was speaking after presenting proposals at the Nato defence ministers' meeting in Travemünde for a series of limited defence agreements between Nato and individual eastern European countries.

This "partnership for peace" proposal, which received unanimous support at the meeting, is open to all former Warsaw Pact countries as well as neutral European states.

Mr Aspin would not say how many of these countries could be accommodated later as members, or when they might join. But most Nato ministers at the meeting thought enlargement would come "sooner rather than later", he said.

The proposed agreements would enable Nato to call on additional military resources for operations such as peace-keeping, Mr Aspin said. They would also provide "military groundwork" that would be valuable when those countries joined the alliance.

Mr Manfred Wörner, Nato secretary-general, said the proposed agreements could be seen as advancing countries "on the way towards membership". But admission would not be automatic.

The US yesterday took to eastern Europe its proposals for a "partnership for peace", seeking to deflect pressure from former Soviet satellites for security guarantees and accession to Nato, writes Nicholas Denton from Budapest. Mr Warren Christopher, US secretary of state, was in Budapest yesterday but said that Nato's plans for expansion were on "an evolutionary basis" rather than firm promises.

Five on trial in Singapore secrets case

By Our Foreign Staff

THE EDITOR of Singapore's leading financial newspaper, one of his journalists and three prominent economists went on trial yesterday, charged under the Official Secrets Act with illegally disclosing Singapore's economic growth figure.

The case is seen as an indicator of the present level of press freedom in Singapore. In a rare appearance in a district court, Attorney-General Chan Sek Keong charged Business Times (BT) editor Patrick Daniel with breaching the act by receiving the data and "communicating" the information to readers.

Mr Chan said a top government economist illegally revealed a preliminary projection of a quarterly economic growth figure, known as a "flash estimate," to a private economist who then passed it on to a BT journalist. Part of the reason he was personally prosecuting the case was to maintain and establish "an important principle.

"It is that persons who have been entrusted with classified information of whatever nature in their official duties must keep them secret."

Mr Tharman Shanmugaratnam, director of the economic department of the Monetary Authority of Singapore, the *de facto* central bank, is accused of communicating the figure to Mr Manu Bhaskaran, an economist at the regional brokerage Crosby Securities. The other defendants are Mr Daniel, BT journalist Mr Kenneth James, and another Crosby economist, Mr Raymond Foo. The five pleaded not guilty.

The charges stem from an investigation by Singapore's Internal Security Department (ISD) into a June 29 BT article which accurately forecast second-quarter economic growth of 4.6 per cent. An official announcement was made only in August.

Mr Bhaskaran and Mr Foo are charged with three counts of possessing and communicating the data. Mr Daniel and Mr James, a Malaysian, face two charges each of possessing, disseminating and publishing the data on June 29. A conviction for each charge carries a maximum penalty of two years in jail and a S$2,000 (£836) fine.

Singapore has other controls on the press. An act gives the government control over the board of directors of any locally-published newspaper and lets it revoke a paper's licence to operate. The government has curbed circulation of several foreign publications involved in disputes with it.

Invoking the Official Secrets Act has reinforced a widespread belief that, in spite of Prime Minister Goh Chok Tong's protestations that he is trying to create a kinder Singapore, anything which smacks of insubordination is liable to be pounced on.

Mr Lee Kwan Yew, former premier, has suggested reporters would not have had the temerity to publish government figures ahead of schedule when he was prime minister. He said journalists were testing Mr Goh.

Russia bows to Japan pressure on dumping

By Gillian Tett in Moscow and William Dawkins in Tokyo

THE RUSSIAN government yesterday bowed to Japanese pressure and said it had abandoned its plans to release more nuclear waste into the seas around Japan.

However, it warned that unless Russia received international help to build a Rs10bn factory to process the waste within the next 18 months, it would be forced to start dumping again.

Japan yesterday welcomed the decision and said it would press for a world ban on ocean dumping of low-level material.

Russia's decision came in response to a late-night telephone call by Mr Tsutomu Hata, the Japanese foreign minister, to Mr Andrei Kozyrev, his Russian counterpart.

Mr Hata demanded that Russia cancel plans to dump a second load of waste, after the first load of 900 cu metres of liquid radioactive waste was dumped on Sunday, or risk souring recently improved relations.

"The Russian government has... made a political decision on the immediate halting of that dumping and the government of Japan values this point," said Mr Masayoshi Takemura, chief cabinet secretary.

International outrage over the issue has been exaggerated, says Moscow

The dumping of coolant and cleansing water from decommissioned nuclear submarines sparked an outcry among environmentally sensitive Japanese.

It also threatened to increase popular distrust of Russia, coming less than a week after Russian president Boris Yeltsin's visit to Tokyo.

Japanese officials in Tokyo said that Japan was considering calling for an complete international ban on nuclear waste-dumping at sea.

Japan has said it will consider releasing some of the $100m (£66.2m) it has offered to help Russia disarm its nuclear weapons.

Russia has repeatedly warned that its economic crisis has left it with little alternative to dumping waste at sea to dispose of its huge stocks of radioactive waste.

But in a defiant note, Mr Viktor Danilov-Danilyan, Russian environment minister, yesterday insisted that the international outrage over the dumping had been exaggerated.

"It's a question of priorities. We can't dispose of waste in a region with millions of people," he said, admitting that he had been taken aback by the strength of protests from Japan, America and South Korea.

He added: "I have to deal with worse ecological problems (in Russia)".

A team of Russian experts is due to travel to Japan to discuss collaboration over the issue, which is expected to include specific Japanese aid to build the processing factory, Russian officials added.

Japan has despatched a research vessel to measure radiation off the northern coast, and plans to call for a complete ban on dumping of low-level waste at a future meeting of the London convention on nuclear waste disposal at sea.

The convention bans dumping of high-level waste and contains a voluntary resolution, signed by neither Japan nor Russia, against the dumping of low-level waste.

Environment students protesting at Russia's dumping of nuclear waste gather in Seoul yesterday. They claim that marine life has been caught in the nuclear-contaminated waters. *Associated Press*

Two arrested as construction scandal widens

By William Dawkins in Tokyo

JAPAN'S construction industry scandal widened yesterday when prosecutors arrested two branch executives of Kajima, one of the country's top contractors, on suspicions of bribery.

This means prosecutors have arrested executives from all of Japan's top six contractors, suspected of paying bribes to get local government building contracts. Kajima is Japan's second largest construction group in sales, but is the most politically influential, thanks to the many former government officials it employs.

Mr Akira Miyazaki, Kajima's president, yesterday said he believed the pair had made illegal political donations, but head office was not involved. Prosecutors also raided the home of a Kajima vice-president to gather evidence.

The latest arrests add fresh weight to US allegations that the Japanese construction market is rigged against foreign competition. They come in the final weeks before the US-imposed November 1 deadline after which Washington has threatened to apply trade sanctions against Japan unless the construction market is made more open.

Washington's main complaint is against the designated bidding system, whereby a local government chooses companies suitable to tender for a contract. Companies not designated have no right to bid.

This is blamed as a factor in the kind of corruption of which Kajima is suspected. Legal and illicit construction industry donations are a traditionally large source of political campaign funds.

The two Kajima branch managers arrested, Kazumi Suzuki and Ichiro Takagi, are suspected of handing Y10m to the former mayor of the northern town of Sendai, Mr Toru Ishii, last year. Mr Ishii has already been charged with receiving bribes from four other contractors, Shimizu, the industry leader, Hazama, Nishimatsu Construction and Mitsui Construction. A senior executive of Taisei, another construction group, has also been held.

"This just shows how endemic the construction industry problem has become," said Mr Graeme McDonald, analyst at James Capel Pacific.

As in previous arrests, the Kajima inquiry is based on evidence gathered from the papers of Mr Shin Kanemaru, former political godfather of the Liberal Democratic Party.

His arrest in March on charges of tax evasion on donations from the construction industry contributed to the LDP's election defeat after 38 years in power.

Japan construction talks, Page 6

Bhutto starts to build her cost-cutting cabinet

By Farhan Bokhari in Islamabad

MR V.A JAFFERY, a former governor of Pakistan's central bank with a reputation for financial discipline in government spending, was among six ministers and advisers yesterday appointed to the cabinet of Ms Benazir Bhutto, Pakistan's prime minister.

Although there is speculation that Ms Bhutto would keep the finance and commerce portfolios herself, Mr Jaffery's appointment as an adviser was seen as an encouraging signal that serious measures would be taken to reverse a large budgetary deficit.

Mr Jaffery said the government would take steps to cut spending on expensive programmes begun under the government of Mr Nawaz Sharif, the former prime minister.

Those include projects for building motorways, and schemes for importing a large number of taxi cabs, which were backed by huge loans from government-owned banks.

Pakistan's last fiscal year closed in June with a record high budgetary deficit of 7 per cent of gross domestic product, substantially lager than the target recommended by the IMF, the World bank and bilateral aid donors.

Mr Jaffery said the new government would try to bring the deficit down to 5.4 per cent of GDP by the end of the current fiscal year. He also said most wide-ranging economic reforms begun by Mr Moeen Qureshi, the interim prime minister, would remain in force.

Mr Naseerullah Babar, a retired general and member of Ms Bhutto's Pakistan People's Party (PPP), was sworn in as interior minister.

She allocated portfolios to three members of other parties in her coalition government, giving parliamentary affairs to Sher Afghan Niazi, an independent elected with PPP support in the October 6 general election.

Mr Mohammad Asghar, a retired brigadier and senior member of her main allied party – a splinter group of ex-premier Nawaz Sharif's Pakistan Muslim League – became minister of industries and production.

Mr Mohammad Afzal Khan, of a small party from the North West Frontier Province, was also sworn in. His portfolio was to be announced later.

Troops overthrow Burundi president

By Leslie Crawford in Nairobi

TUTSI PARATROOPS yesterday overthrew President Melchior Ndadaye of Burundi, ending a short-lived experiment in democracy which had given the majority Hutu tribe a rare taste of political freedom.

State radio in neighbouring Rwanda reported last night that Mr Ndadaye and three senior government officials had been executed. But there was no immediate confirmation of this.

Diplomats in Nairobi said they feared a bloodbath in the central African state, scarred by tribal massacres since independence from Belgium in 1962.

Mr Ndadaye, a Hutu, took office in July after winning Burundi's first multi-party elections.

His victory appeared to mark the end of 31 years of Tutsi domination, although the new president was careful to include members of the minority tribe in his government. The army remained under Tutsi control.

Speaking from a hideout, Mr Jean-Marie Ngedahayo, the deposed government's spokesman, told Radio Rwanda the president had been lured into a trap by the coup plotters. Paratroops from the 2nd Parachute Battalion surrounded the presidential palace at midnight, he said. There was a brief exchange of gunfire, but soldiers loyal to the government were quickly overwhelmed.

The paratroops had fanned out across the capital in search of congressmen and government ministers.

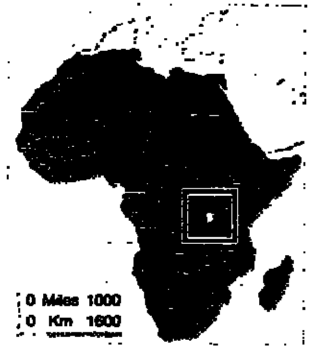
"All the other leaders of the new Burundi have gone into hiding. Our telephones have been cut. We are currently using makeshift gadgets and do not know how long we will stay in contact with the outside world and friends," Mr Ngedahayo said.

Burundi's state radio was silent. International phone lines were dead and the city centre deserted. A few demonstrations in favour of Mr Ndadaye outside the town centre had been suppressed by soldiers, Mr Ngedahayo said.

The European Community strongly condemned the coup and pledged support for Mr Ndadaye. In Nairobi, Mr Joseph Banguranbona, Burundian ambassador, called on the international community to intervene militarily and restore democracy. "This is a coup against democracy. There will be bloodshed if the military consolidate power. The west can't allow this."

The Tutsi, feudal overlords before colonial days, took control of the government and army after independence, although they made up less than 15 per cent of Burundi's 5.6m people. The Hutu became victims of periodic massacres. In 1972, an estimated 100,000 people, mainly Hutu, were killed. In August 1988 Hutu farmers staged an uprising in which 5,000 people died.

Mr Ndadaye survived the anti-Hutu slaughters in 1972 by fleeing to Rwanda. He returned in 1983 when ex-President Jean Baptiste Bagaza, said to be one of the coup leaders, was still in power.



Israel agrees to phased release of Palestinians

By Julian Ozanne in Jerusalem

ISRAEL and the Palestine Liberation Organisation confirmed last night that there would be a phased release of Palestinians held in Israeli jails, but gave no indication of how many people would be involved.

The announcement came after peace negotiators had clashed angrily over the issue and on Israeli security proposals for the interim five-year period of Palestinian self-rule.

At one point, the Palestinian delegation, led by Mr Nabil Shaath, walked out of talks in the Egyptian Red Sea resort of Taba, saying they had hit a crisis over the prisoners issue, but it later returned.

"The release of prisoners will be implemented gradually and continually," Palestinian delegate Jaber Fada said last night, reading a joint statement to reporters.

"As a first step, it was decided that prisoners belonging to the following categories (should be released) by the beginning of next week," he added. Those listed included the sick, those under 18, those over 50, and women.

A leading supporter of Mr Yassir Arafat, PLO chairman, was assassinated in Gaza City yesterday, bringing the number of political killings to three since the outline peace accord was signed.

The killing of Mr Asaad Saftawi, a moderate, has fuelled fears of mounting assassinations and political conflict as various Palestinian factions compete.

At the Taba talks, the Palestinians have been seeking immediate and unconditional release of up to 14,000 prisoners and want speedy gestures of goodwill by Israel to show to Palestinian opponents of the peace agreement.

The talks have also hit a snag on security. Israel has presented a comprehensive security plan to the Palestinians calling for an Israeli military presence of about 4,000 troops in the Gaza Strip after the Israelis are supposed to have completed military withdrawal by April 13.

The Israelis are insisting on providing security for up to 5,000 Jewish settlers in the Gaza Strip to give them freedom of movement and protect them against external threats. They also insist Israeli police will have the right to chase Palestinian assailants into the Palestinian-controlled areas and establish buffer security zones.

Members of the Palestinian delegation were outraged by the Israeli security plans. The Palestinians have proposed a complete Israeli withdrawal, with only small numbers of Israeli troops to protect the settlers.

Workers block runways in Tel Aviv jobs row

THOUSANDS of angry workers from Israel Aircraft Industries, Israel's largest employer, blocked runways and disrupted flights at Tel Aviv international airport yesterday, in protest at government plans to lay off workers at the loss-making state-owned defence company, writes Julian Ozanne.

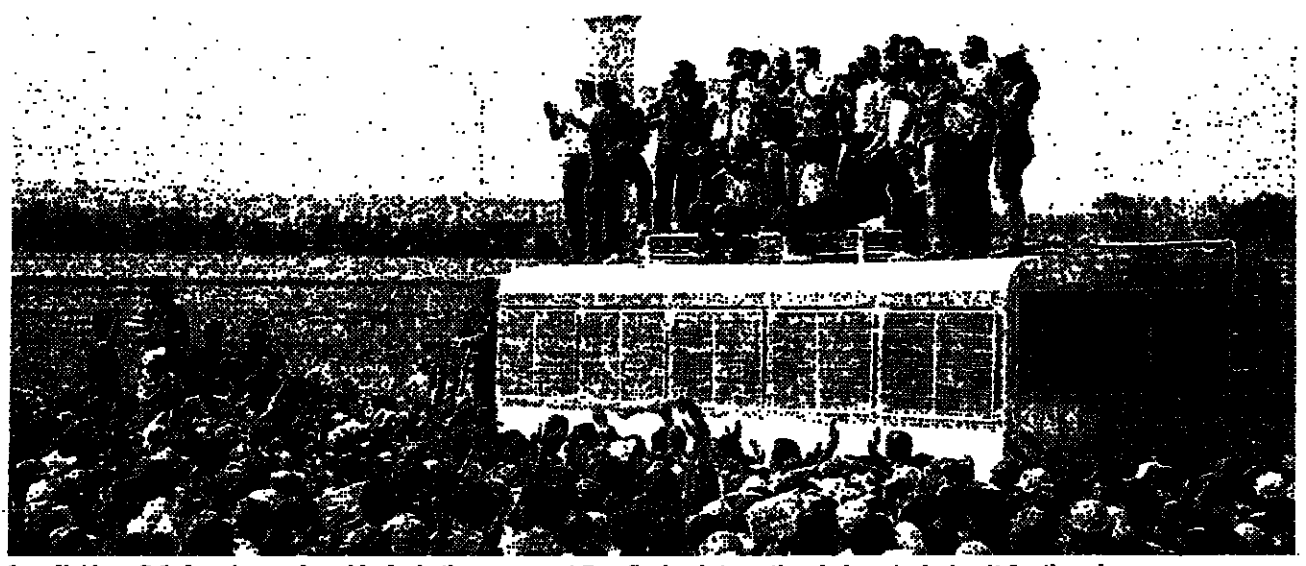
Police said 5,000-6,000 workers shut the airport for three hours, stopping 13 outgoing flights and forcing three incoming aircraft to be diverted. The action was part of a campaign against plans to restructure IAI, which employs 17,320 people.

The company makes military and civilian aircraft, radar systems, and medical and law-enforcement equipment, and is involved in the troubled Arrow anti-tactical ballistic missile project. It had a turnover of \$1.57bn (£1.03bn) last year, mostly from exports, but posted a loss of \$60m.

A revised government recovery plan calls for a 4,000 cut in the workforce, and a 15 per cent cut in wages. Prime minister Yitzhak Rabin has warned workers that if the recovery plan is not carried out, IAI will collapse.

The government, he said, was ready to invest in and subsidise IAI but only when it got back to work and introduced measures to boost efficiency and implement a recovery plan. The finance ministry says the government has already injected Sh750m (£172m) into IAI but the company has not responded by dismissing workers, cutting wages and increasing sales.

The company says it only received a \$100m state guarantee and \$22.5m of government participation in retirement packages. Government officials have warned that continuing disruption of IAI could force the company into receivership.



Israeli Aircraft Industries workers blockade the runway at Ben-Gurion international airport, closing it for three hours Reuter

Commonwealth focuses on Gatt and rights

By Michael Holman in Limassol

COMMONWEALTH leaders yesterday opened their five-day summit stressing the urgent need for a new international trade agreement and reaffirming their commitment to human rights.

Mr Paul Keating, the Australian prime minister, used his first appearance at the forum to make an angry attack, clearly aimed at France, on countries holding up progress in the Gatt talks, while also leaving no doubt that his country's move to republican status would not undermine its Commonwealth ties.

In a speech designed to refocus the 50-member association in the wake of apartheid's demise, Chief Emeka Anyaoku, the body's secretary general, made trade reform a priority, linking the outcome of the Uruguay Round to efforts to promote democracy within the Commonwealth and elsewhere.

"Like armies, democracies too march on their stomachs.

"The successful conclusion of the Uruguay Round promises an annual addition to global income of \$213bn (£143bn) by the year 2002," Chief Anyaoku told the heads of government.

"Yet that crucial step now looks uncertain, threatening not merely the loss of the huge potential gains but a spiralling descent into protectionism and isolationism."

Mr Keating's contribution was the first stage in the launching of a co-ordinated effort by Australia and Britain to enlist support for trade reform from an association whose membership spans parts of Francophone Africa, the Cairns group and many of the world's poorest countries.

Mr Keating took the offensive in the opening session which took place in the Nicosia conference centre.

"Time is very short for us to prevent the Round's collapse," he warned, and in a comment clearly directed at France went on: "Some 'rich countries' still seem to believe that they can avoid making difficult concessions but still reap the advantages of the Round.

"I think they are completely wrong – and are likely to wear the opprobrium and contumely of the whole world," he said.

Mr John Major, the British prime minister, was due to make the issue the centre of his contribution later in the day, when the conference goes into closed door session in the main conference venue of Limassol.

Mr Major is expected to echo Mr Keating's call on Commonwealth leaders to "make every effort to examine what the Commonwealth can do to help bring an outcome from the Multilateral trade negotiations that will benefit each of us and the world at large."

Before turning to trade, Chief Anyaoku made what amounted to a frank acknowledgement that during the Commonwealth's successful campaign against apartheid "it always remained vulnerable to the charge of hypocrisy.

"While it advocated democratic freedoms globally, it condoned their absence among its own membership.

"The dilemma became harder to resolve," he went on, "as the erosion of political freedom in some of our Commonwealth countries became more evident."

The nettle had been grasped at the Harare summit in 1991, Chief Anyaoku said, and the Commonwealth was being restored to its true vocation: democracy, the rule of law, just and honest government.

Cyprus's own problem dominated the opening ceremony. A choir performed against the backdrop of a film depicting the invasion in 1974 by Turkish troops which has left the island divided.

A picture of Adolf Hitler at one point appeared briefly on the screen.

Before the conference began, thousands of women lined the route between Limassol and Nicosia, calling for renewed efforts to reunify the island.

White House steps up treaty campaign with aid for affected communities

US ready to back Nafta bank

By Nancy Dunne in Washington

THE Clinton administration may today announce support for a North American Development Bank, which would fund projects in communities hit by job losses resulting from the North American Free Trade Agreement.

The so-called NADBank has been strongly supported by Congressman Esteban Torres, who has insisted on some sort of lending institution to support adjustment throughout the continent. Agreement by the administration is expected to bring Mr Torres and at least 7 other Hispanic congressmen into the pro-Nafta fold.

The administration believes it can garner 200-210 pro-Nafta votes, out of the 218 needed. It is assuming that every undecided congressman only wants a reason – favourable constituent mail – to vote for the pact, and it is pushing feverishly to turn anti-Nafta public opinion around.

The White House "war room" believes the vote currently breaks down into 110 Republicans in favour, 65-75 Democrats in favour; and 20-30 leaning towards it. Under this hopeful scenario, the White House will use the last few days before the November 17 House vote to cajole, bargain and twist arms to get the remaining 8 votes.

However the anti-Nafta forces expect a different outcome. They count 190-200 Democrats against, 10-15 Democrats leaning against, and 5-10 Republicans opposed.

The pro-Nafta campaign this week began moving into high gear. State by state, undecided congressmen are being lured to the White House for intimate briefings, as are business leaders and journalists.

Members of the cabinet are being sent to congressional districts, where they visit and publicise factories that are expected to gain jobs if Nafta passes.

President Bill Clinton on Wednesday gave his second impassioned speech on Nafta at an exhibit on the White House lawn of products likely to benefit from Nafta. He envisioned continent-wide free trade "when we'll have over 700m people in this trading bloc, united in believing that we can help one another grow and flourish," he said.

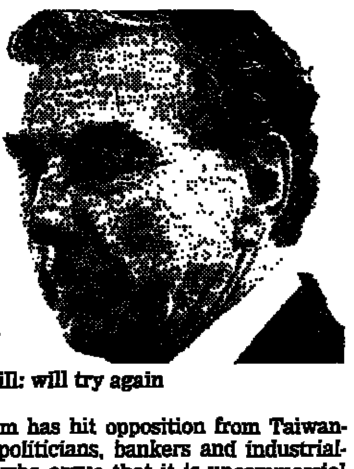
The Nafta opposition has been just as busy. Across town, the AFL-CIO trade union grouping on Wednesday had its own products exhibit, but those were likely to be hurt by Nafta. The speakers were workers who had lost their jobs when their employers moved to Mexico.

Nafta has hindered progress on the Uruguay Round of trade talks, divided Asia, and involves "sneak protectionism", according to a senior Japanese civil servant, Damian Fraser writes from Cancún.

Mr Yasuo Tanabe, deputy planning minister in state government, said it raised import barriers to third countries, raising "serious doubts" about its consistency with Gatt.

BAe chief fails to agree date for Taiwan jet talks

By Daniel Green in Taipei



Cahill: will try again

MR JOHN CAHILL, chairman of British Aerospace, failed yesterday to agree on a date to restart stalled talks on a joint venture to build regional jet aircraft in Taiwan. Another effort will be made this morning just hours ahead of his scheduled departure.

Meetings with government ministers and Mr Earle Hou, chairman of Taiwan Aerospace Corporation (TAC), BAe's joint venture partner, appeared to have left a decision over the deal as far away as ever. Failure would be a blow to Mr Cahill's plans to improve BAe's performance. The regional jet business loses money and the company has not made a full-year pre-tax profit since 1990.

Taiwan's government also wants the deal to go ahead as part of a policy to bring the island engineering industries into the civil aviation sector.

The proposals to build BAe's RJ range of regional jets in Taiwan in return for a cash injection of at least £120m has hit opposition from Taiwanese politicians, bankers and industrialists who argue that it is uncommercial and too ambitious.

Mr Needham yesterday reiterated the UK government's support for the deal but said the decision should be taken by BAe and TAC.

US and EC blame each other over tariff cuts

By Frances Williams in Geneva

TRADE negotiators in Geneva said yesterday talks on tariff reduction between the leading trading nations were making little progress, with the US and the EC blaming each other – and to a lesser extent Japan – for the deadlock.

Mr John Schmidt, chief US negotiator in the Uruguay Round of global trade talks, described the state of the negotiations between the Quad nations – the US, EC, Japan and Canada – as "stagnant". Noting that the latest EC tariff offer was still below the average level achieved by the other Quad partners, he said its meagre market access proposals for farm goods threatened to block an overall tariff package by the agreed date of November 15.

EC officials counter-attacked yesterday, arguing that US tariff proposals fell far short of reduction commitments made by the Quad countries in Tokyo last July. Brussels says it is prepared to improve on its offer tabled this week, which amounts to an average one-third cut in tariffs, but cannot do so politically without further US concessions.

These are unlikely to be forthcoming soon, EC officials added, because senior Washington officials are giving priority to getting the North American Free Trade Agreement through Congress.

Comparative figures produced by Brussels yesterday show that the EC already has fewer industrial tariff peaks (duties of 15 per cent or more) than its Quad partners, at lower rates and covering a smaller volume of trade. On the peaks themselves, weighted by the amount of trade, the EC is offering a 37 per cent average cut against 36 per cent for Canada, 26 per cent for Japan and just 7.3 per cent for the US.

These figures exclude chemicals which are covered by a harmonisation proposal and would make the US offer look better, and fish, on which the EC has so far made no offer, which would make the EC proposal look worse.

Computer makers seek window of opportunity

Apple and IBM are among US companies targeting Japanese schools, writes Michiyo Nakamoto

WHILE US trade negotiators in Tokyo this week try to convince Japan to buy more high-tech goods from foreign companies, they will also be keeping a keen eye on the fortunes of one key US industry which will be affected by public purchasing decisions.

US computer companies are gearing up to sell their ware to Japanese schools, which are expected to buy hundreds of thousands of PCs over the next few years as part of a government-sponsored programme to raise the level of computer education in the country.

The US government will no doubt be watching their progress carefully. Mr Mickey Kantor, US trade representative, noted on Wednesday that US computer makers had been "locked out" of the Japanese public procurement market for computers.

And the education market is one conspicuous public procurement sector in Japan where US PC makers have had little success.

When Mr Ron Brown, commerce secretary, came to Japan in late April, he made a point of visiting Apple's offices in Tokyo and indicating that he wanted to see US companies sell more PCs to Japanese schools. High-technology products such as PCs are priority items on the list of goods the US is keen to sell to Japan.

The expected PC-buying binge in the months ahead provides US computer companies such as Apple and IBM, with a big opportunity to penetrate the Japanese schools market. It stems from a decision by the Japanese government to boost purchases of PCs for schools as a key part of its economic stimulus package announced in the spring.

If schools take up the government's offer as they are expected to, Japan's educational market for PCs is likely to double in 1994, says Mr Héctor Saldaña director of strategic sales at Apple Japan.

The aim of both IBM and Apple is to double their share of the market over the next few years.

But in common with all market sectors on that list, the Japanese public schools market, which has been dominated by domestic makers such as NEC and Fujitsu, is hardly an easy one to crack.

Industry estimates give NEC a 50-60 per cent share of the educational market, with Fujitsu coming in second at 25 per cent, while the share of US companies is minimal.

Lack of user familiarity with foreign products, an emphasis on relationships rather than quality and price, and above all the influence of local politics, all doom the foreign vendor in the Japanese public schools market as much as they affect decisions in other areas of government procurement.

While IBM and Apple are working hard to win over teachers and education authorities by visiting schools – IBM will start a programme this year to enable teachers and students to test its machines – it is often the local politicians, rather than the people who will be actually using the machines, who make the final decision.

For public schools, the local educational authority, staffed by civil servants and heavily influenced by local politics, makes the procurement decisions.

At times, even politicians from the national assembly are called in to take part in the decision-making process.

"The officials in the local educational authority are not the ones who will use the computer," Mr Hideaki Sekine, general manager of educational systems operations at IBM Japan, says regretfully.

"The process of how decisions are made tends to be heavily influenced by politics, and if not by written policies, by practices which favour local vendors," says Mr Saldaña.

A few months ago, Apple had the recommendation of a school board in Sakai, outside Osaka, to buy Apple computers overturned at the final point by the local education board, on the basis of a 10 per cent price difference. Although the school board said it still favoured Apple, the contract went to NEC.

Mr Saldaña prefers not to complain too much, however. He is confident that if Apple has the right products and the right policies it can improve its position in the market significantly.

But he does ask that the Japanese government ensure that the market is a fair one. "Apple is a foreign company and doesn't have a lobbying mechanism," Mr Saldaña says. "The only thing we can ask of the central government is to make sure the process is fair."

Japan in construction talks to avert sanctions

By Michiyo Nakamoto in Tokyo

JAPANESE officials yesterday made a last-minute attempt to avert sanctions which the US is threatening to impose on Japan unless it agrees to open its construction market in line with US demands.

The chiefs of four of Japan's ministries concerned with the construction issue met yesterday in an effort to come up with a proposal that would reform key aspects of Japan's public works bidding system.

At an emergency meeting yesterday evening, Mr Tsutomu Hata, foreign minister, Mr Masayoshi Takemura, chief cabinet secretary, Mr Kozo Igarashi, construction minister and Mr Kanju Sato, home affairs minister, discussed reforms which Japan could present to the US ahead of the November 1 deadline after which sanctions would be imposed.

The four agreed that Japan needed to increase competitiveness and transparency in its bidding system.

The move is likely to reinforce the impression that the threat of sanctions is necessary to trigger change in Japanese business and government practices.

In a speech to US business executives on Wednesday, Mr Mickey Kantor, the US trade representative, said that sanctions appeared to be "the only way the Japanese will seriously address this issue".

The US has been threatening sanctions unless Japan reforms its public works bidding system in line with four principles outlined by the US to Japan: to introduce an open and competitive bidding system, to apply that system to all projects above a certain level, to strengthen anti-monopoly rules and to enhance data collection to assess progress in achieving those goals.

Japanese officials refuse to accept the US deadline, which they claim was set unilaterally and without warning.

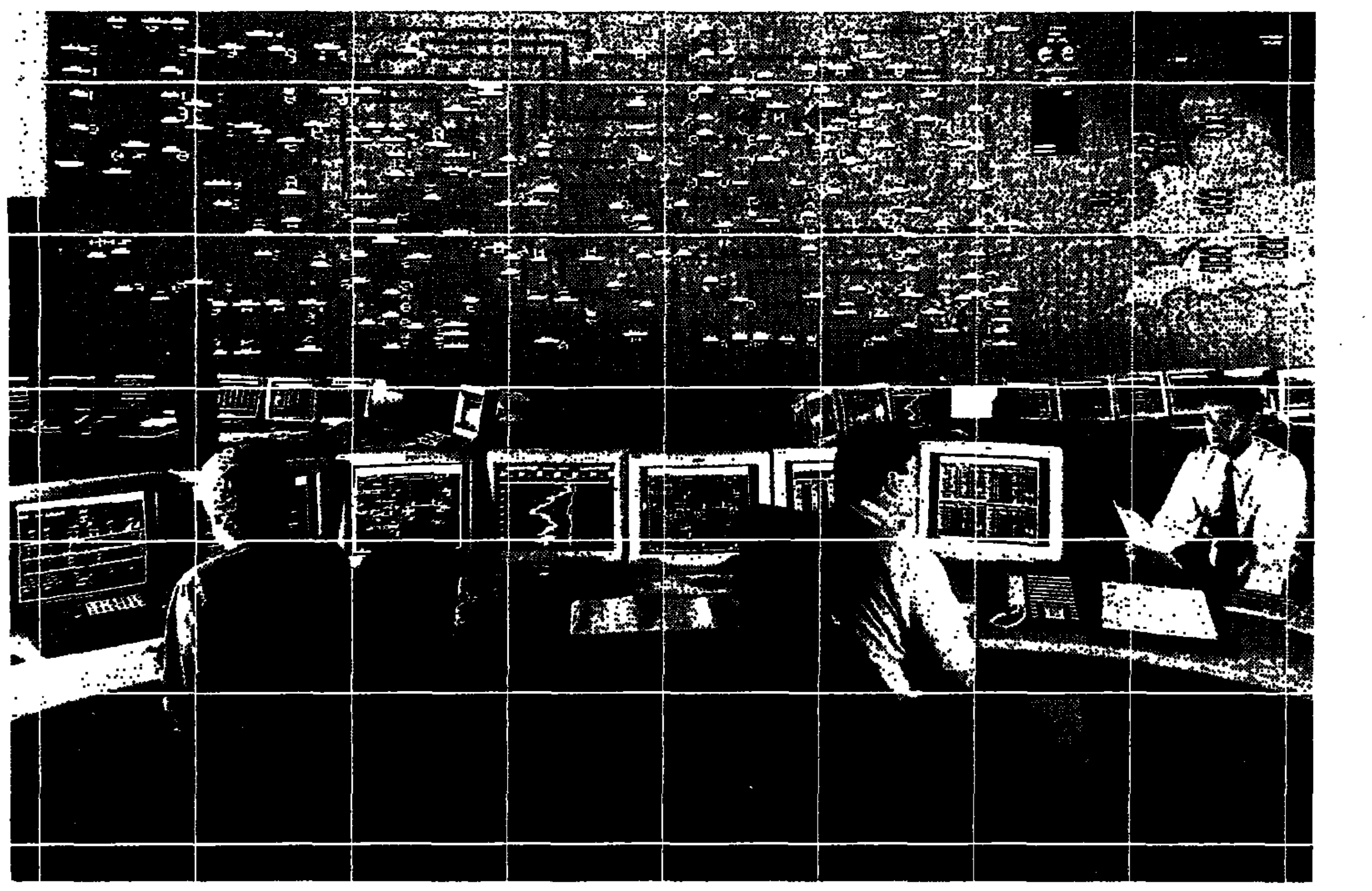
However, there is a growing recognition that Japan will have to face up to international pressure to bring its bidding system in line with that of other industrialised countries.

Recognition of that need is also growing as the deadline nears for the conclusion of the Uruguay Round negotiations on global trade liberalisation.

Japan's offer in the Uruguay Round negotiations on opening up the public procurement market for construction services is also out of line with the offer made by other members such as the US and EC, officials said.

● Mr Peter Sutherland, director-general of the Gatt, yesterday met leading Japanese politicians, including Prime Minister Morihiro Hosokawa, but met with continued resistance to the idea of tarification – turning quantitive restrictions into tariffs – of rice from minister of agriculture, forestry and fisheries, Mr Eijiro Hata.

The Japanese authorities are considering a number of proposals for the liberalisation of the rice market which would modify the Dunkel text proposal for tarification.



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Populist or extremist, it could go from one Commons seat to as many as 50, reports **Bernard Simon**

Canadian voters look to Reform

IT is no small achievement for a politician to draw 4,000 people to an election rally in suburban Toronto on the same night that the Toronto Blue Jays are playing the Philadelphia Phillies in the World Series baseball championship.

Mr Preston Manning did just that on Tuesday. The crowd which packed the Pickering Trade Centre, east of Toronto, was further evidence that Mr Manning's populist, right-of-centre Reform party will be a big winner in next Monday's general election.

If opinion polls and political pundits are correct, Reform's presence in the House of Commons in Ottawa will soar from a lone member representing a remote Alberta constituency, to as many as 50 or more MPs from all five provinces west of Quebec.

With a large number of three- and four-way races, the precise breakdown of seats is unusually difficult to predict. But the ruling Progressive Conservatives, led by Ms Kim Campbell, the prime minister, have stumbled so badly in the seven-week campaign that few analysts will be surprised if Reform or the separatist Bloc Québécois ends up as the official opposition.

The Liberals, currently the main opposition party, are almost certain to form the next government. It is not yet clear however, whether they will win enough seats for an outright majority.

The bulk of Reform's support has come from unhappy Conservatives in western Canada. But the fledgling party, formed in 1987, has also become an outlet for disaffected Liberals, and even for members of the left-of-centre New Democratic party, which is expected to be virtually annihilated in the election.

Reform is a peculiar political party. In one sense, it is little more than a protest movement. The typical Reform supporter is a disgruntled English-speaking Canadian who is fed up with high taxes, immigrants (especially refugees), early parole for criminals, affirmative action and gay rights.

Reform has also become a rallying point for Canadians in Ontario and the west who think the time has come to stand up to Quebec. The Reform view is that if Quebec refuses to accept the same constitutional powers as the other nine provinces and decides to go its own way, so be it.

But Reform has also won wider respect by presenting the campaign's most detailed and fearless platform, including a plan to eliminate Ottawa's yawning C$35bn (£17.2bn) budget deficit within three years.

It has had the guts to acknowledge that chopping the deficit would involve some painful choices. The Reform platform pledges a radical overhaul of such sacred cows of Canadian society as unemployment insurance, social welfare and universal healthcare.

Mr Manning is often compared with Mr Ross Perot, the US populist billionaire. Aged 51, the son of a former premier of Alberta, he has the same clean-cut appearance and preaches the same traditional values as Mr Perot.

Among his hobbies listed in Who's Who are shopping, fishing and horse-riding with his family.

Although somewhat less cocky, Mr Manning shares Mr Perot's knack for presenting seductively simple solutions to complex problems. One of his favourite lines is that "the best thing the government can do for Canadians is to get off their backs and get out of their pockets."

But, like Mr Perot's movement in the US, the Reform party's uncomplicated view of the world makes many Canadians uneasy.

Critics note that the "zero-in-three" deficit-elimination plan would be impossible to implement without a huge jump in unemployment (already at over 11 per cent) and severe cuts in government services.

Its uncompromising attitude towards Quebec and its intolerance towards rising immigration clash with values which up to now have been hallmarks of Canadian society.

Other than Mr Manning and Ms Deborah Grey, Reform's sole MP, little is known about its candidates. While Mr Manning comes across as a decent and honest politician, there is considerable evidence that his party has become a haven for more extreme elements.

Earlier this month, Mr Manning hurriedly dismissed a Reform candidate in southern Ontario who made racist and anti-Semitic remarks. Other candidates are reported to have expressed similar views.

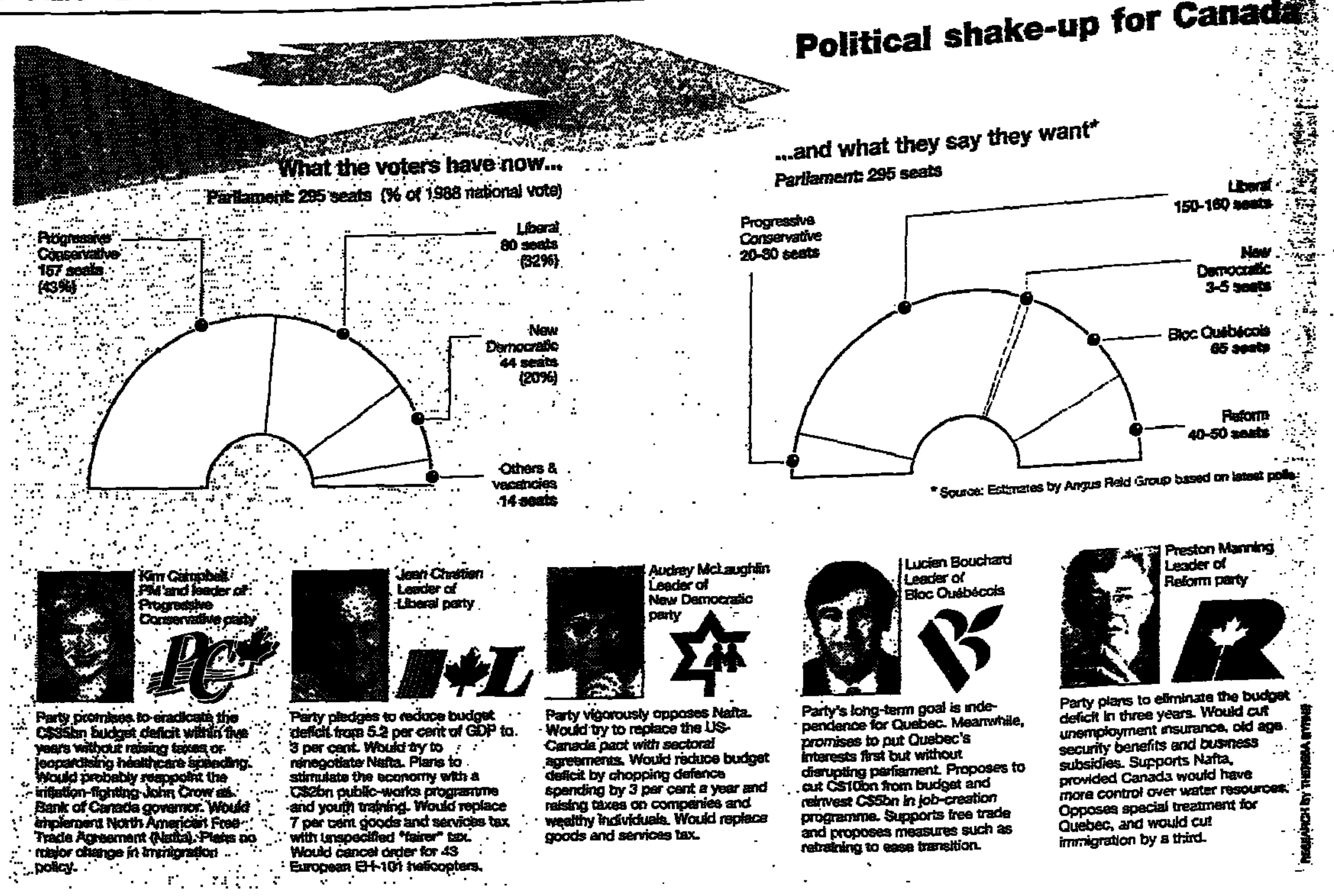
Mr Manning insists that such views are not Reform policy nor typical of most of its candidates or members. He told the crowd in Pickering: "We refuse to be influenced by the racists of the right, and refuse to be intimidated by the fanatics of political correctness on the left."

No matter how well it fares on Monday, Reform's base is far from secure. Its support appeared to be ebbing earlier this year before Ms Campbell and her advisers drove the Conservatives' electoral machine into the ditch. An improving economy could see many Reform supporters drift back to the Conservative, Liberal or NDP folds.

Even in the closing days of the campaign, concern about Reform's policies and candidates appears to have made some voters think twice.

Furthermore, the inexperience of Reform's new MPs could make them an easy target in the new Parliament. Mr Manning's plan to loosen party discipline in the House of Commons and make MPs more accountable to their constituents runs the risk of weakening party unity.

While Reform is not yet firmly entrenched in the mainstream of Canadian politics, it could be a formidable force on the opposition benches. At the very least, it will long be remembered for putting a firecracker under Canada's traditional political parties.



Chrysler to boost European output

By Martin Dickson in New York

CHRYSLER, the US vehicle maker, announced yesterday that Steyr-Daimler-Puch of Austria is to build up to 47,000 of Chrysler's Jeep Grand Cherokee vehicles a year, to meet European demand.

The vehicles will be made at the plant in Graz, Austria, where Steyr has been making some 20,000-30,000 Chrysler mini-vans a year since late 1991.

The Cherokee production line will start late next year.

The move marks a further push into Europe by Chrysler, which unlike its Detroit rivals Ford and GM, has no manufacturing presence in the region. However, Chrysler is keen to expand there to help offset future downturns in the US market.

Its European sales jumped 48 per cent to 17,130 vehicles in the third quarter.

Chrysler said yesterday that the Jeep Grand Cherokee, a large four-wheel-drive sports utility vehicle, had been so successful in the US market that it had been hard to schedule production to meet the demands of Europe and other international markets.

Steyr will begin building a left-hand drive model next year, with diesel and right-hand-drive versions following in 1995 and 1996 respectively.

Clinton survives attempts to limit deployment of troops

By Jurek Martin in Washington

PRESIDENT Bill Clinton is able to breathe a little easier after the almost complete collapse of congressional attempts to limit his authority to send troops to Haiti and Bosnia.

The Senate was yesterday still debating – and defeating – a handful of right-wing amendments on Haiti. But the die was cast the night before when Senator Bob Dole, the Republican leader, accepted drastic modifications to his proposal requiring prior congressional approval for any such missions. Then the full chamber voted 99-1 in favour of a simple non-binding resolution merely requesting that the President seek such approval for any Bosnian deployment.

Mr Clinton had survived a similar challenge over Somalia last week and on Tuesday the Senate voted down a proposal requiring that US forces serving in UN peacekeeping operations always be subject to US military command. Yesterday Ms Dee Dee Myers, the president's press secretary, reported that he was "very pleased" that his authority had been sustained on all fronts.

The White House also released a letter sent by Mr Clinton to Congress on Wednesday justifying the naval cordon around Haiti under the terms of the 1973 War Powers Act. This mandates congressional approval within 90 days of the dispatch of US troops to "actual or imminent" hostile situations.

Mr Dole continued to insist that he was not simply playing political games over Haiti and Bosnia, though this is the prevalent view in Washington. The Senator, who had earlier admitted he would oppose his own original amendment if he were president, said he only wanted to construct "a political flak jacket," not "a straight jacket", for the commander-in-chief.

Mr Clinton, with an eye on big domestic battles ahead tactfully praised Mr Dole for his co-operation.

The protracted political debate, however, had given full airing to reservations about the current conduct of US foreign policy. Some opinions were predictably extreme. Senator Jesse Helms, the Republican from North Carolina whose backing of right-wing nationalist causes overseas has always been staunch, took to the Senate floor to brand Mr Jean-Bertrand Aristide, the ousted Haitian president, as a "psychopath."

More reasoned debate concerned exactly what the US was trying to do to effect Mr Aristide's return, scheduled for the end of this month under the terms of a United Nations-brokered peace plan, but now clearly in grave doubt. The White House was, for example, obliged to deny that a proposal put to Mr Robert Malval, the pre-democracy prime minister, for an expanded cabinet was intended to give the Haitian military and police a share in power in a resumed Aristide presidency.

The proposal, put over the weekend by Mr Dante Caputo, the UN mediator, upset both Mr Malval and Mr Aristide. US spokesmen insisted that the idea was to get on board the business and landowning classes that have supported the military, but that "it will absolutely not include" military and police officials nor known backers of Haiti's earlier Duvalier regimes.

HAITI PM THREATENS TO QUIT

Mr Robert Malval, Haiti's pro-democracy prime minister, has threatened to resign in protest at the refusal of the country's military leaders to step down, Canute James reports from Kingston. Mr Malval said the UN-brokered agreement reached in July for the return of exiled President Jean-Bertrand Aristide was not being honoured by the military, who should have stepped aside last weekend.

He had accepted the position of prime minister on the basis of the agreement, Mr Malval said in Port-au-Prince on Wednesday. But the refusal of the military to step aside had breached the agreement, and he was willing to resign rather than being seen as "an accomplice of the manoeuvres of those who wish to prevent the return of the head of the country".

Gen Raoul Cedras, the military leader, is pressing legislators to ratify that part of the peace agreement granting amnesty to the leaders of the coup which ousted Mr Aristide two years ago. Pro-military legislators are also seeking the inclusion of supporters of the coup leaders in Mr Malval's government.

Supercollider rushes to its doom

Hope fades for Higgs boson, writes **George Graham**

MEMBERS of Congress were to meet yesterday afternoon in a session expected to sound the death knell of the superconducting supercollider, an $11bn (£7.2bn) particle physics project being built in Texas.

The supercollider – gigantic boondoggle or cutting-edge science, depending on your perspective – has often come close to losing its government funding, but time and again has been pulled back from the edge of the grave by a handful of powerful senators.

This time, however, doubts over the supercollider's ever-increasing cost projections have combined with a feeling among members of Congress that they must do something to match their deeds to their budget-cutting rhetoric.

For two years, the House of Representatives has voted overwhelmingly to kill the supercollider, while the Senate has voted to save it. For two years, the conference to reconcile the two versions of the bill has bowed to the Senate.

This time-honoured technique has the advantage of enabling members to tell their constituents they voted to cut spending, safe in the knowledge that the project would be restored behind the conference's closed doors.

This year, however, House members revolted and sent back the reconciled bill by an overwhelming vote of 282-143.

Supercollider supporters, led by members from Texas, where the project is sited, and Louisiana, where its giant magnets are being built, appeared yesterday to acknowledge the inevitable. Arguments were already beginning over how much money would be needed to close the project down.

The supercollider was intended to take physics a stage further by accelerating proton beams around a 54-mile oval tunnel lined with magnets, smashing them together at close to the speed of light in the hope of producing the Higgs boson, a small particle whose existence is so far only theorised.

Around $2bn has already been spent and 14 miles of tunnel have been dug but the estimated completion cost has climbed rapidly from $4.4bn in 1987 to $11bn this year.

Senator Dale Bumpers of Arkansas has waged a long battle against the supercollider, made more piquant by the fact that his foes included many of the Senate's loudest proponents of budget austerity.

"I do not see how anybody can keep a straight face and talk about spending cuts, then walk onto this floor and vote for the supercollider. I've got a dog with a longer memory than the United States Senate," Mr Bumpers complained.

This year, however, Congress has shown more determination to come to grips with the US budget deficit.

Some congressional traditions are safe, nevertheless: the House-Senate reconciliation conference on the energy and water spending bill, which included the supercollider, restored to life every other project which one chamber or the other had voted to kill.

Britain in brief

Journalist faces Yemen charges

A British television journalist, detained in Yemen while investigating alleged British visa frauds, has had charges filed against him. A colleague is still being questioned by the authorities.

The two men, Mr Ray Shillito and Mr Abdul Mohammed Hassan of Clark Television, were arrested while filming a documentary intended for Britain's Channel 4. The two arrived in Yemen on September 29 to look into allegations of a passport and visa fraud which enabled unauthorised people to enter Britain.

According to Mr Shillito, they had purchased a Lebanese passport in Beirut and had been advised there they could obtain a British entry visa and other necessary travel documents in Yemen.

Mawarid funds BBC WSTV

BBC World Service Television's new Arabic service for the Middle East and North Africa is being financed by the Mawarid, an investment and industrial group of Saudi Arabia. The deal, already agreed in principle would see WSTV signing a 10-year programme supply agreement for around £200m. The actual agreement is with Orbit Communications, a Rome-based subsidiary of Mawarid, which has shown a growing interest in all forms of communications.

Liablity of partners ruling

People pressured or tricked into acting as surety for their partners' borrowings can escape their obligations if the lender failed to ensure they knew what they were taking on, the House of Lords ruled yesterday. But five Law Lords stopped short of ruling that partners acting as surety in such situations should be treated as members of a specially protected class to whom banks owe a duty of care.

Negative equity homes decline

The number of homeowners whose property is worth less than their mortgage loan fell by a further 5 per cent in the third quarter of the year to 1.36m, according to figures released by the Woolwich Building Society yesterday.

The number of mortgage holders with "negative equity" as a result of property price falls since 1990 is now 24 per cent down on the start of the year. Some 68,000 families were released from negative equity in the third quarter.

Hackers face court action

British Sky Broadcasting and News Datacom, the "smart card " decoder company, said they had decided to pursue all hackers producing unauthorised cards in both the civil and criminal courts.

"Pirates are nothing more than common thieves," BSkyB said yesterday. The decision to take vigorous action against the pirates is a deliberate change of policy by the satellite company and a indication that it is taking the pirates who are producing and selling unauthorised cards more seriously.

BRT seen as rival to BT

British Rail Telecommunications, a wholly owned BR subsidiary, is to be sold off late next year, with the government claiming it has the capacity to become a competitor to BT and Mercury in the UK's telecoms market.

Announcing the sale yesterday, Mr John MacGregor, transport secretary, said that after the sale responsibility for rail signalling safety would pass to Railtrack, which will assume ownership of the rail network under the government's privatisation plans.

Although BRT will continue to supply signalling, communications and business services to the railway, Railtrack is likely to be free to employ other private sector suppliers, with BRT free to use spare capacity to sell to other companies, provided it gains the necessary public licences.

How bad was Nigel? How good was Garry?

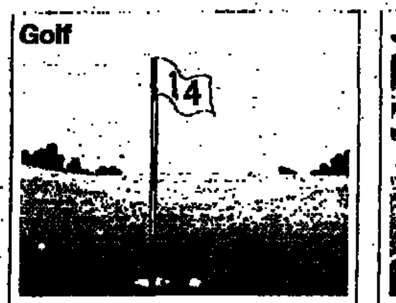
Last night Garry Kasparov beat Nigel Short for the world chess title and won £1m. By how much was the challenger outclassed? Here are some comparisons from sporting life

Chess

Score: Kasparov $12\frac{1}{2}$ Short $7\frac{1}{2}$

Before the match the champion's rating was 5% better than the challenger. Today it would be 4.3% better. Short did much better than his rating suggested.

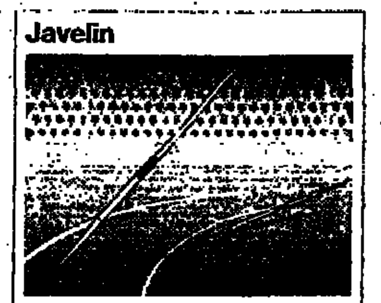
Golf



Kasparov would have won a round of golf by 3 strokes.

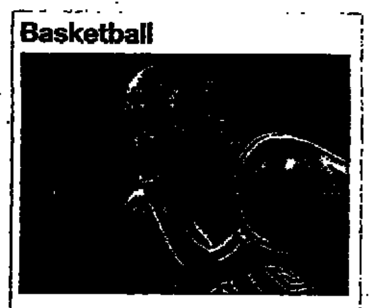
In matchplay, with one point per hole, he would have won on the 14th green.

Javelin



Like Kasparov the world javelin record holder Jan Zelezny (Czech Republic), who threw 95.66m this year, is around 4.5% better than his nearest rival Steve Backley (UK).

Basketball



Michael Jordan leads the field by a wider margin than Kasparov. In terms of points per game in the National Basketball Association this year Jordan, with 32.6, is 8.3% better than his nearest rival, Dominique Wilkins.

Football

Discounting draws the Kasparov-Short match was a game of two halves.
First half:
Kasparov 5 Short 0
Second half
Kasparov 1 Short 1.

Sources: Leonard Barden, chess correspondent of the FT, and Peter Matthews, Editor of the Guinness Book of Records

BA to face $1bn Virgin legal action

By Paul Betts,
Aerospace Correspondent

MR RICHARD BRANSON last night launched a near-$1bn anti trust law suit against British Airways for its "dirty tricks" campaign against Virgin Atlantic Airways.

The action was filed in a New York court citing "unfair and illegal activities" and accused BA of attempting to impede Virgin's growth and trying to "destroy it with targeted predatory anti-competitive practices and acts".

BA, which has 60 days to respond to the New York action, said it had not yet seen the complaint and was therefore not able to comment.

Virgin's move will now reopen the wounds between the two UK carriers and revive the highly publicised "dirty tricks" affair.

"Airing another airline's dirty linen in front of an American audience is not something I would normally choose to do," Mr Branson said last night. "However, in the aviation business, there is no UK legislation to protect smaller carriers against anti-competitive and monopolistic behaviour," he added.

The UK government had put pressure on both carriers to resolve their dispute because it feared it risked damaging the interests of the country's aviation industry.

BA paid £610,000 in libel damages to Virgin in the High Court in London in January after accepting that Virgin "had reasonable grounds for serious concern about the activities of a number of BA employees".

But the two airlines failed after lengthy negotiations to agree on financial compensation for Virgin.

Mr Branson said he had hoped after the High Court case that the affair could have been settled without the need for further action.

He said Virgin had been willing "to accept a token sum in recognition of the misdeeds of the past". He added that BA has had long enough to take "positive measures" to prevent the need for last night's action.

"Not only have they not done so, but we have found ourselves the target of new monopolistic abuse," he said.

Virgin is claiming $325m in damages, but the airline said any award would be trebled up to $975m by a US court. The airline is also seeking an injunction to prevent BA from continuing what it claims are activities which distort competition and are designed to "damage and discredit" Virgin.

Virgin specifically claims that BA is attempting to monopolise the transatlantic market; using its dominant position at London Heathrow airport to distort competition on North Atlantic routes; guilty of a variety of "dirty tricks" aimed at Virgin and its passengers; using its equity position in USAir and agreements related to it to distort competition for passengers flying between the US and UK.

Mr Branson's airline also complains that BA manipulates travel agents and corporate programmes and incentives to deny Virgin business and limit consumer choice; offers low cost tickets on Concorde and other incentives on BA flights competing with Virgin flights; using its take-off and landing slots at Heathrow in a manner prejudicial to Virgin; discriminatory refusals to confirm Virgin passengers' reservations on connecting BA flights and refusing to accept properly endorsed Virgin tickets.

Virgin has already instigated legal action against BA in the High Court in London regarding what it claims is the wrongful accessing by BA of confidential computer held information. It has also filed a complaint with the European Commission against BA for anti-competitive behaviour.

Non-EC trade gap up to £2.56bn

Despite an encouraging trend in exports demand for some imports is increasing, reports Peter Marsh

HIGHER demand for manufactured imports as the UK economy recovered was behind a rise in the trade deficit in the third quarter for countries outside the European Community.

Last month the non-European Community trade gap increased to the highest level since February, in spite of a generally encouraging trend for exports.

The figures underline concern that with an increasing deficit on trade within the EC, the gap between imports and exports on a whole-world basis is likely to worsen – assuming the recovery continues.

The Central Statistical Office said yesterday that for trade outside the EC manufacturers increased prices 14 per cent in the third quarter of this year compared with the same period last year.

This was in an effort to rebuild profit margins, and came in spite of the depreciation in sterling of about 12 per cent over the same period which in theory should have enabled many companies to cut prices of exported goods. Over the same time, prices of imported manufactured goods increased 12 per cent.

In the third quarter the non-EC trade deficit, adjusted for seasonal variations, came to £2.56bn, from £2.22bn in the second three monthly period. For the first nine months of the year, the trade deficit reached £7.9bn after a £9.75bn deficit for the whole of last year.

Last month the difference between imports and exports for non-EC nations was £1.09bn, after a £729m deficit in August. Much of the change was explained by reduced exports of gems and higher imports of ships, aircraft and oil platforms. Excluding these so-called erratic items, the deficit increased to £662m last month from £541m in August.

The non-EC trade deficit on manufactured items rose from £283m in August to £665m in September, the highest figure since December last year.

In the third quarter manufactured imports rose 7 per cent in value on the previous quarter, compared with a 4.5 per cent rise in exports over the same period.

Imports of semi-finished manufactured goods, including some classes of factory components and chemical materials, saw a 9.5 per cent rise in volume terms between the second and third quarters. The UK recorded a £88m deficit on trade with the US and Canada last month, after five months of surpluses.

Figures for trade with other EC nations, which are available only up to July because of a switch to a new recording system, indicate that the deficit for this region is increasing mainly due to faltering exports.

In the first half of this year, the whole-world deficit was £7.1bn, after a deficit of £13.4bn last year.

Beijing office for engineers

By Andrew Baxter

THE INSTITUTION of Electrical Engineers is to become the first European engineering society to establish a branch in China when it opens in Beijing next week.

The move, announced yesterday, is an important step for the IEE, which has more than 130,000 members and is Europe's largest professional engineering society.

It is part of an increasing push by the bigger UK institutions into emerging markets, where their unique role as qualifying bodies makes them attractive to local engineers.

The IEE is establishing a 10-city network in eastern Europe and the former Soviet Union, while the Institution of Mechanical Engineers is looking at possible co-operation with national societies in east Asia. It is hoped that the centre will encourage the transfer of technology, which could lead to more business for UK industry.

The institution already has 20 members in China, but said that more than 400 engineers are waiting to join.

US operator in £200m cable TV and phone joint venture

By Andrew Adonis

A JOINT VENTURE company between South Wales Electricity and International CableTel, a US operator, plans to invest about £200m in building a cable TV and telephone network covering most of urban south Wales.

The joint venture, one of the largest investments in UK cable announced this year, will embrace more than 300,000 homes and 26,000 businesses.

It marks a significant diversification for South Wales Electricity, one of the 12 privatised electricity distribution companies in England and Wales.

The launch follows SWalec's decision earlier this week to buy the West Glamorgan cable franchise for West Glamorgan, and from CableTel's success earlier this month in raising more than $400m in debt and equity in New York to finance new UK cable ventures.

The joint venture will involve an initial investment of £75m by the two companies – £30m from Swalec, £45 from CableTel. Once the company reaches positive cash flow, it plans to raise another £125m in external finance.

CableTel is the UK's third largest cable operator, behind Nynex and Telewest and on a par with Southwestern Bell. All four are US owned.

Other privatised utilities are also entering the market. In August Yorkshire Water took a stake in a joint venture to build a cable network for Yorkshire. The other partners are Singapore Telecom and Générale des Eaux, the French diversified services group.

In the land where guns are still the last resort

Another unarmed policeman has died on duty. Guns are bound to be back on the agenda. Rachel Johnson on the force and force

THE SOUTH London killing of an unarmed officer earlier this week has intensified the long-running debate in Britain as to whether more police should be armed.

Although Robert Peel, when home secretary, laid the basis of a modern policing in 1829 with his Metropolitan Police Act, the paradox is that unlike most European, African, Arab and American countries, Britain is one of the few countries where officers do not yet routinely carry firearms.

Only 2,500 officers are trained to carry them, and Home Office policy is that their deployment "should remain a measure of last resort."

Those authorised to carry weapons are trained in gun-handling, and officers deployed on "armed response vehicles" carry guns in sealed boxes. Tactical units deal with sieges, armed robberies and other emergencies.

But as almost all other officers' weapons are limited to the truncheon alone (new batons are on trial in the Metropolitan and six other forces) the wisdom of such a policy comes under scrutiny every time an officer dies violently on duty.

Between 1970-80, 13 officers died in as a result of shooting or stabbing. That doubled between 1980-90, reflecting the general rise in violence in the community at large.

In response to the death of Police Constable Dunne's death, Mr Paul Condon, the Commissioner of the Metropolitan Police, said yesterday: "I think the general feeling is that most police officers don't want all police to be armed, but they recognise that as we confront more and more armed criminals with heavier and heavier weapons, then more police officers must be armed."

But the arguments against such a change are both compelling and supported widely in and outside the police community.

Mr Jim Sharples, the chief constable of Merseyside Police, and chairman of the joint standing committee on the police use of firearms, yesterday said that although officers lived under an "enhanced level of danger" he did not think that Britain had reached the stage where more officers needed to carry arms. But if the violence against police escalated, then the policy would need to be reviewed.

The Police Federation, which has 125,000 members from constable to chief inspector, believes that arming police would go against the founding principles of the British force. The police have always sought to win public support by civilian means, not lethal weapons.

The federation insists that gun-toting police officers would incite more criminals to carry firearms, which would inevitably place the public at greater risk.

After the shooting in 1983 of an innocent civilian, Mr Stephen Waldorf, the rules governing the occasions on which guns could be fired by police were tightened up and remain few.

If police carried guns, according to Liberty, the civil liberty pressure group, they would also be more likely to get shot themselves.

"There is no proven correlation between armed police and reduced crime, the reverse," said Mr Koushik Banerjea of Liberty.

At root, the British public regard an unarmed police force as a symbol of a liberal democracy. Though the days when police wore the gentleman's uniform of frock coats and top hats are long gone, Britain remains one of the few countries left where a policeman's death can dominate the national news.

Gambit fails to win mass audience

By Stewart Dalby

AS A SPECTATOR sport the world championship chess clash between Gary Kasparov and Nigel Short never appeared to catch fully alight.

Its failure to grab the national attention was despite a controversial start, a British challenger for the first time in living memory, and a London venue.

To the players, exhausted after 20 games, it probably feels like a lifetime ago that they founded the breakaway Professional Chess Association and invited bids to stage the match in defiance of Fide, the game's world governing body.

A consortium of Times Newspapers and Teleworld Holdings, a telecommunications group with a headquarters in Rotterdam, won the rights to stage the match with a bid of £1.7m in prize money. Teleworld abandonned its Europe-wide "Predict-a-move" telephone chess line after three games.

But both the Times and Channel 4 declared themselves pleased with the tournament. Mr Phil Lawlor, the head of promotion at the Times, said: "We did not cover our costs, but in sponsorship you do not expect to. That is not the way it works. We received more than 72 hours of television exposure for our brand."

Channel 4 said it had cumulative audiences of between 1.75m and 2m on match days for its three programmes.

Mr David Ellender, sales director of Television International which is part of Polygram and syndicated television coverage outside the UK said: "The tournament sold reasonably well."

ESPN, sports channel, which has the US ABC network, syndicated as a parent, and sold highlights in 13 European countries. The Singapore Broadcasting Corporation bought highlights and the BBC World Service Television network, which goes to 38 countries, also broadcast.

But a spokesman for the the publishers of Chess Monthly said: "There has been a terrific increase in interest. I would say our sales have increased 300 per cent because of the match.

"We have also seen an increase in city headhunters and job agencies interested in using chess for recruitment."

THE PROPERTY MARKET

Sporting chance of picking plum prizes

Inward investment agencies are an essential tool for attracting business to a region, writes **Honor Chapman**

At the turn of the last century, according to local legend, a spectacular life-size elephant made of walnuts was the focus of a campaign to attract business to Los Angeles. Some 84 years later, in a similar, but grander, exercise, Los Angeles hosted the Olympic Games, winning unprecedented plaudits for wooing large-scale private sector investment in the city's infrastructure.

The Olympic Games are a prime example of how a city can establish momentum for regeneration, through a combination of private and public sector initiatives.

The competition surrounding the award last month of the millenium games to Sydney illustrates just how prized the games are – both for the sporting prestige and, more lasting, the boost they can give to job creation, redevelopment of run-down areas and the wider regional economy of a city.

The pressures on cities to compete to attract business have rarely been so intense. A vital carrot for business is the attractiveness, allied to fiscal incentives, of the location and local infrastructure from transport to services.

Cities are, accordingly, responding in a variety of ways:

- Some cities appear to be paralysed by the scale and nature of the changes affecting them and are doing little beyond the discharge of their immediate and historic activities of public service provision and statutory planning;
- Other cities, while acutely aware of the new environment of competition, have engaged in costly and sometimes unsophisticated attempts at city promotion, such the publication of glossy brochures and videos.
- The most enterprising cities take a closely regulated business-planning approach to the development of their economies with strategies to promote their strengths and combat their weaknesses. This is designed to attract and sustain companies in the global marketplace and hence the city's long-term competitiveness.

A characteristic feature of the last group is the setting up of special agencies charged with the job of attracting such new investment.

Lyon's agency, for instance, has been instrumental in "changing perceptions of the city". The city's activities have assured its "second city" status and at the same time persuaded some top companies to relocate from Paris to Lyon. Glasgow's agency secured 4,000 jobs in 1992-93. Milton Keynes, a new town in southern England has had a continuous strategy since its creation in the mid-1960s, and its agency receives four investment inquiries a day. Dusseldorf's agency has helped attract a strong international client-list of companies to the city; its biggest coup was being selected as the location for the first Russian trade centre (370,000 square feet) in Europe. These cities have taken the decision to promote their economies and, with the exception of Glasgow, none are in areas identified by central government – or regional trading blocs such as the European Community – as requiring special assistance in terms of priority regional aid.

The agencies vary significantly in the numbers of people they employ and their costs. Those with the larger number of staff, such as Berlin, play a more extensive role in providing grants and other financial incentives and services to prospective and existing client-companies. The main role of smaller agencies is to concentrate on attracting inquiries and introducing companies to the appropriate range of local government and professional services. These agencies also vary in terms of the size of their marketing budgets, which can ultimately determine the success of their campaigns to "sell the city". The marketing budget is an important demonstration of a city's commitment to its economy and its faith in the agency's ability to attract companies.

It is difficult to determine the exact impact of the agencies on job creation and added value. Most agencies keep these numbers under wraps. Performance on these criteria largely depend on the length of time the agency has been running.

Without exception agencies are seen as an essential focal point for the promotion of internal and external business in their respective cities. They are also seen as important influences in creating a suitable climate for business. They play the vital role of conduit, feeding back to the city strategists important data and intelligence on how the current and potential business "consumer" sees the needs and priorities for local and central government investment in infrastructure, training, education, environment and other city services.

A well thought-out and widely promoted strategy for a city's long-term growth is also viewed as an important marketing tool for agencies. A city's long-term vision, encompassing the gamut of physical regeneration and the provision of services, can tip the balance in persuading companies to relocate.

Hosting high-profile events, such as the Olympic Games, needs to be seen in the context of a city's overall marketing strategy. A "big bang" marketing event – such as hosting an Olympic Games – is widely viewed as a significant short-cut way of generating an instant international profile (ideal for an emerging city keen to attract international clients) besides stimulating infrastructure improvements.

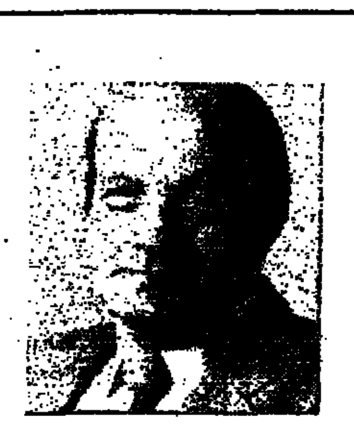
In Barcelona, for instance, which hosted the Olympic Games in 1992, the long-term benefits of the games included improvements to the city's international airport, the regeneration of depressed areas and the transformation of the waterfront. In England, KPMG, an accountancy and management consultancy, estimates that had Manchester won the millenium games, the regional economy would have benefited by some £4bn in extra spending power and in the creation of about 11,000 jobs.

The cumulative impact of a successful Manchester bid would have been worth about 10 per cent of north-west England's present annual gross domestic product. The direct capital investment needed to stage the games would have been £1.5bn; but the legacy would have been world-class sporting and commercial facilities.

But though Manchester's bid failed, the process of making it had an important catalytic effect: it has brought together local government and local companies. Such private-public sector alliances are likely to remain a feature of current and future successful city economic development.

The author is a partner with real estate advisors Jones Lang Wootton


Lord Marcus Sieff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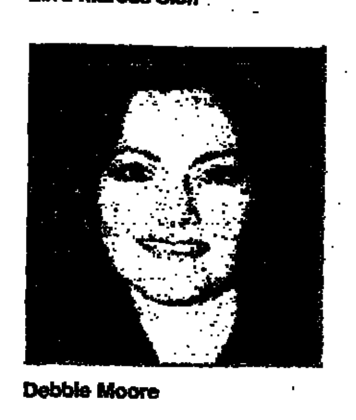
Debbie Moore


John Ashcroft

In search of the stars

Lucy Kellaway looks at the scramble to find the right winners for a multitude of business awards

In the offices of JO Hambro in the City of London, a panel of the great and the good are sifting through a list of captains of industry in search of the 1993 Businessman of the Year. Across town in the west end a group of women are poring over hundreds of female success stories to find Cosmopolitan magazine's Achiever of the Year.

All across the country the search is on for big businessmen, small businessmen, young businessmen, old businessmen. It is on for businesswomen and potential businesswomen. It is on for entrepreneurs and venture capitalists. There are so many awards for business stars that you could get from one end of the year to another eating nothing but celebratory meals at Claridges and the Savoy.

Are all these awards getting out of hand? Why are there so many? Are the right prizes going to the right people?

Companies like awards because they are cheap PR. If all goes well, the sponsor stands to gain copious publicity as well as getting its name associated with business success. Newspapers and magazines also like them for the PR value. Professional bodies see their members rewarded and motivated. And the public simply likes reading about the winners.

"There can't be too many," says Rhiannon Chapman of the Industrial Society, a veteran adjudicator of business awards. "There is a great hunger for signposts to success. People need to feel things are possible."

Yet judging the business awards is not like judging the Booker prize. A novel can be remaindered but it cannot lead a company which goes bankrupt. If a businessperson wins a prize one year and the company subsequently gets into difficulty, he or she may destroy the standing of the award in the process.

The Guardian's Young Businessman of the Year award made a few unfortunate choices and came unstuck as a result. After selecting Sir Clive Sinclair, John Gunn of British and Commonwealth, and John Ashcroft of Coloroll – all of whom ran companies which subsequently hit hard times – The Guardian quietly scrapped the award three years ago.

One way around the problem is to play safe. This is the approach adopted by judges of the Hambro Businessman of the Year award and the Institute of Management's Gold Medal. Both go for what many might consider the obvious names, often picking the same people: Sir Arnold Hall of Hawker Siddeley, Sir Owen Green of BTR, Lord Seiff of Marks and Spencer and Sir Terence Beckett of Ford have both awards on their mantlepieces, while Sir Robert Scholey of British Steel picked up both titles in the same year.

But even the big names are not always a certainty. Gerald Ronson of Heron was Businessman of the Year in 1984, while last year's choice of Lord King was perhaps a little unfortunate, coming as it did just before news of British Airways' dirty tricks campaign.

Whether or not the choice is a sound one, it is not immediately clear why prizes should be given to those who have already reached the top. The answer, says Ailsa Dempster of the Institute of Management, is less to glorify the winner and more to motivate others. The same rationale clearly applies to awards aimed at special groups – businesswomen and entrepreneurs – who are in greater need of role models.

When Veuve Clicquot launched its Businesswoman of the Year award 21 years ago, it was the only prize of its sort. Now women's magazines, clearing banks, building societies, accountancy companies and office equipment suppliers jostle to reward successful women.

There has been a similar scramble to give prizes to entrepreneurs and small business people, the Venturer of the Year award (sponsored by Cartier, the Financial Times and the British Venture Capital Association) being one prominent example.

Most of the awards have the standard posh lunch and a standard big name presenting the prize. Some – such as the Businessman of the Year award – are charity functions.

Some prizes are more worth winning than others: the more prominent the winner the worse the prize. The Businessman of the Year receives a trophy and a modicum of honour. The Gold Medal comes mounted in a perspex shell. The Businesswoman of the Year wins a silver *tastevin*, but she also gets a gourmand's trip to Rheims, a vine named after her and champagne on her birthday for the rest of her life. Cartier offers a £5,000 watch. The magazines offer money, holidays and telecoms equipment. The Cosmopolitan/Arthur Anderson High Flier gets a paid place at business school.

For the sponsors the main cost is not the prize but the expense of selecting the winners. Moira Collins, who runs the Veuve Clicquot award, says picking the right person requires months of effort. It is not an exact science, but careful study of the paperwork and site visits are necessary.

Collins argues women are less likely to take a tumble than men: "Most businesswomen have plodded away. But a lot of those boys, they were higher up and had further to fall." Veuve Clicquot has had to hide its blushes twice in 21 years: it awarded prizes to Debbie Moore of Pineapple and Sophie Mirman of Sock Shop, both companies which suffered from over-expansion in the 1980s.

The awards for women face the further difficulty of having a limited number of candidates to choose from. "When Anita Roddick won, everyone complained she has been discovered to death. When Gisela Burg won, they said 'who on earth is she?'," says Collins.

The Institute of Directors, until recently a sponsor of the Veuve Clicquot prize, admits that the enthusiasm of some of its members has faded. "There is a feeling among our 2,600 women directors that special events for them are not quite what they want," says Gordon Leak, media relations director.

While awards proliferate, many hard-working managers, burrowing away in big corporations, are excluded altogether. This is partly because their achievement is more difficult to spot and measure, and partly because colleagues can be less than supportive. Veuve Clicquot is trying to include more corporate women in its award, but finds it difficult. "Corporate women who get nominated don't get a good time from colleagues. They get teased mercilessly – the men are quite jealous."

Most successful business people are not entrepreneurs, they have not just done a management buy-out and they are not captains of industry. "Being a director of a company is interesting, difficult and rewarding," argues Leak. He believes a medal should be created to mark the unsung heroes.

CHRISTOPHER LORENZ

Struggling with the curse of success

DOMINANT companies – the Kodaks, General Motors and IBMs of this world – used to be held up as models for lesser fry to emulate. Remember In Search of Excellence, that best-seller full of gung-ho "lessons from America's best-run companies", as its subtitle claimed?

The troubles which have afflicted many of them since it was published barely a decade ago have taught us all to be a little more sceptical. The market shares of such enterprises may soar for a while and their profits defy gravity, but it has become obvious that most eventually fall prey to what is known in academic circles as "the curse of incumbency".

When an innovator attacks their market, most incumbents fail to react effectively. Within a few years, even months in some unstable sectors, they are toppled from their perch – Kodak by Fuji, GM by Ford, Toyota, Honda and Nissan, and IBM by the combined forces of clones, workstations, personal computers and Microsoft. A related example is Wang, which dominated word processing until PCs almost sank it.

The popular explanation for this phenomenon is the "fat and lazy" syndrome: a company grows over-confident, careless and sluggish, and either fails to spot the significance of an innovation or cannot stir itself to take remedial action until it is too late. In the post-war years most steam locomotive makers fell into this trap when they finally perceived the challenge from diesel-electrics was serious.

As you might expect, academics suggest a set of more complex explanations. These attribute the phenomenon to economic, political or behavioural factors – or to a mixture of all three.

In a draft research paper, Diana Day of Philadelphia's Wharton School comes down against the economic view: that incumbents make a conscious choice not to innovate so as not to hit their existing "rent" stream and the value of their underlying assets.

Rebecca Henderson of the Massachusetts Institute of Technology takes a more catholic line. She suggests rational economics plays a part, although the fundamental problem is what she calls the power of "embedded architecture".

As successful companies learn more and more about their existing products, services and ways of operating she says, this knowledge becomes deeply embedded within them: in their communications channels, information and accounting systems, strategies, structures and cultures. So they have difficulty recognising the innovative threat, and take too long to launch remedial action.

Up to this point, Henderson's account parallels the "inward focus" explanation of unresponsiveness put forward by Les Alberthal, chairman of EDS, the IT services giant which is striving to avoid the problem (see this page, October 15). But Henderson elaborates further.

When an innovator attacks their market, most incumbents fail to react effectively. Within a few years or even months, they are toppled from their perch

Even if an incumbent manages to remain strategically alert and organisationally flexible, she says, uncertainty over whether the attacker will succeed may make it hold back from emulating the rival's innovation – and thereby cannibalising its own product and considerable investment.

If, for instance, a maker of chocolate bars began to promote the idea of consuming its products for breakfast – a less far-fetched proposition than it might seem, since at least one manufacturer has considered it – Kellogg would think a hundred times before following suit, Henderson told last month's annual conference of the Strategic Management Society in Chicago.

Instead of rushing to destroy its market for cornflakes and other cereals, plus decades of its own investment, Kellogg would hold back and try to play safe by extending its existing products – a process known generally as "incremental innovation". It might, for instance, launch banana-flavoured corn flakes, Henderson suggested.

The depth of an incumbent's dilemma was illustrated further at the conference by P. Ranganath Nayak, a senior vice-president of the Arthur D. Little consultancy.

As he pointed out, it is easy to recognise the potential of an innovation in retrospect, but tough at the time. Jet aircraft were once predicted to supersede propeller-driven aircraft completely, but have failed to do so. Microwave ovens were expected to oust conventional ones, but have expanded the market for home cooking.

The pace of substitution is also difficult to predict. Diesel locomotives took about 20 years to replace the steam variety, while the partial incursion of jet engines into the propeller market was rapid, as was the take-off of the microwave oven market. Cash registers went electronic almost overnight, while compact discs have taken longer to oust long-play vinyl records.

As Nayak says, the only solution is to watch constantly for competitive threats, especially from unexpected directions.

To overcome their internal defences against innovation and self-cannibalisation, he advises incumbent companies to maintain a strong, but not necessarily large, central research and development effort, on the grounds that "you can't ask the people who run an existing business to replace it".

To help create successful innovations, Nayak says that companies must also foster "skunkworks" (small entrepreneurial teams), and collaborate more closely with customers, suppliers and competitors.

Companies should also use a "balanced scorecard" of measures, comprising not just financial yardsticks but also information on customers and technology.

Above all, chief executives must be iconoclasts. As Nayak puts it, "if the top is committed deeply to maintaining the status quo, there's no hope".

LEGAL NOTICES

Insolvency Act 1986
RE: LB SIMPSON & SON (CONTRACTS) LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a Meeting of Creditors of the above-named Company will be held ... on Wednesday 3rd November 1993 at 12.00 noon for the purposes mentioned in Sections 100 and 101 of the said Act. ...
By Order of the Board
LB SIMPSON, Director.

Notice to Contributories of meeting
In the Supreme Court of Bermuda Civil Jurisdiction
No. 331 of 1992
IN THE MATTER OF THE DESERT INSURANCE COMPANY LTD (IN LIQUIDATION)
and
IN THE MATTER OF THE COMPANIES ACT 1981
and
IN THE MATTER OF THE INSURANCE ACT 1978
NOTICE IS HEREBY GIVEN that a Meeting of Contributories in the above matter will be held at the Chartered Insurance Institute, Insurance Hall, 20 Aldermanbury, London EC2V 7HY on 5 November 1993 at 11.00 am.
DATED 19 October 1993
Signed C. J. Hughes
Joint Provisional Liquidator

Notice of appointment of Administrative Receiver
ROMAC HAULAGE LIMITED
ROMAC INTERNATIONAL LIMITED
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Nature of business: Road Transport. Trade classification: 28. Date of appointment of Administrative Receivers: 7 October 1993. Name of person appointing the Administrative Receivers: National Westminster Bank PLC. Joint Administrative Receivers: E M Shires (office holder number 7925) and N J Vaught (office holder number 6339), Address: Cooper & Lybrand, PO Box 262, Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ.

TECHNOLOGY

Audi and Alcoa have developed a saloon car with a light aluminium body, reports **John Griffiths**

On the road to the future

With the start this month of commercial production at the world's first plant for volume production of aluminium body structures, Audi and Aluminum Company of America have started to take car manufacturing into new territory.

Alcoa has invested DM120m (£49m) in the plant at Soest in Germany's North Rhine-Westphalia region. From there, body parts will be sent to the Audi car plant further south in Ingolstadt, Bavaria.

They will form part of the new luxury Audi ASF (aluminium space frame) saloon, of which the company hopes to sell 15,000 a year after the launch at next spring's Geneva motor show. The components of the ASF will be assembled into the skeleton-like aluminium "space frame", around which a skin of aluminium body panels will then be pressed and attached.

Alcoa should then begin to obtain a clearer idea of how much potential exists among other manufacturers for a car construction concept offering substantial weight savings over steel, and thus better fuel consumption and reduced exhaust emissions, but at much higher material cost.

Since the new top-range saloon is expected to be only the first of a range of aluminium models from Audi, the up-market subsidiary of the Volkswagen group, Alcoa has planned an eventual annual capacity of 100,000 structures a year at Soest.

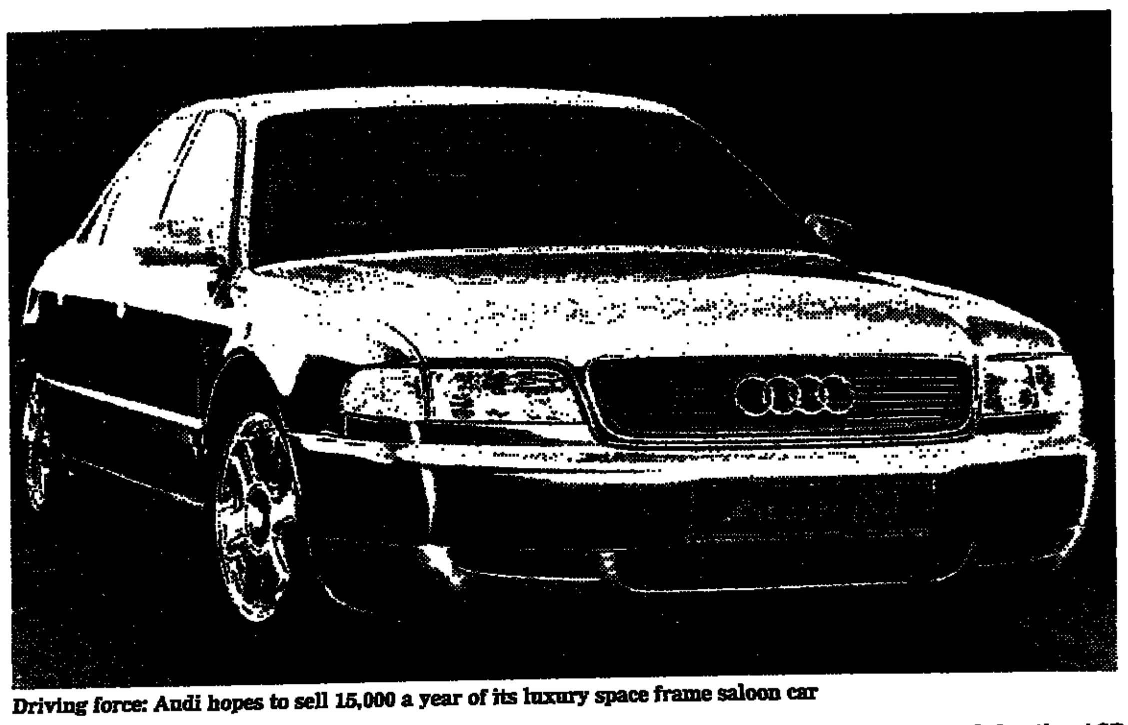
Eric Winter, manager for automotive products at Alcoa's technical centre in Pennsylvania, says Alcoa is talking to "a number of automakers" about similar projects in Europe and North America.

However, there are no firm commitments yet from other car companies to adopt the aluminium technology and processes developed jointly by Audi and Alcoa over the past 10 years at a cost of DM1.1bn.

Other large manufacturers have exploratory programmes under way – Ford of the US, for example, through a technology partnership with Canada's Alcan group – but appear reluctant to commit themselves as extensively as Audi.

Ford and Alcan have built a small fleet of aluminium-bodied prototype cars. However, senior executives at Ford's research centre near Cologne believe Ford is more likely to use aluminium for some body panels, such as bootlids and bonnets, and a broader spread of mechanical components than seek to build aluminium-bodied cars in large volumes.

The Audi/Alcoa process is said to be viable for production runs of up to 100,000 cars a year, not enough for cars such as Volkswagen's popular Golf model or similar cars built at the rate of 200,000 or more units a year in some plants.



Driving force: Audi hopes to sell 15,000 a year of its luxury space frame saloon car

The partners are looking at ways of meeting these volume requirements however, in the belief that in the long term, aluminium's attractions of reduced weight, 50 per cent lower tooling costs compared with steel and almost infinite recyclability will offset the higher cost of aluminium – about three times that of steel – and the large amounts of energy needed to produce it.

Despite its drawbacks, aluminium now appears to be the front-running material to break the long monopoly held by steel in car bodies. Predictions by chemical companies in the 1980s that plastic composites could take over the role from steel appear to be foundering, mainly because of recycling difficulties.

According to Franz-Josef Paefgen, head of body development at Audi, the average aluminium content in current vehicles is already between 6.7 and 11 per cent. However, this is mainly in mechanical components such as engine blocks and gearbox housings: weight savings in these areas have been more than offset by more sophisticated comfort, safety and other features.

Reversing the trend is only possible through the "quantum leap" offered by an aluminium body, says Paefgen, because the body typically accounts for between 20 and 30 per cent of total vehicle weight.

There are important implications for energy consumption because a 10 per cent lighter vehicle yields a 7 per cent reduction in fuel consumption. Simply replicating a conventional car body in aluminium would not work because of the different strength and behaviour of the two metals.

"The question will not be how long the car will last but when the customer decides that he wants a new one"

But the skeleton and panel cladding approach used for the ASF goes well beyond the classic concept of a "space frame". It is formed from mainly box-sectioned extrusions joined to complex, ribbed and extremely strong die-cast components at highly-stressed corners and connecting points. This lends extreme rigidity to the structure. One-third fewer individual parts are needed than in a conventional body.

Load-bearing components are joined mainly by continuous welds, also giving greater rigidity than spot welds. The stressed skin panels are mostly joined by a punched riveting process being used for the first time on a car body. Audi and Alcoa say this allows higher-quality consistency than is possible with conventional panel attachments.

The end result, according to Heinrich Timm, manager of Audi's fundamental concepts activities, is a body shell 40 per cent stiffer and 40 per cent lighter than a steel equivalent. Asked why people have not been driving aluminium cars for years if the concept is so good, he says it has required the advent of the supercomputer, with its enormous processing power, to make the ASF feasible.

"For budget and time reasons," he says, "such a revolutionary change in body construction technology, together with the use of a material which has been previously unknown in this application, is not possible without the extensive use of a supercomputer." The computer simulation techniques so essential in the development process were simply not available before.

Now that they exist Audi has high hopes that the nature of the structures and the manufacturing processes will allow it to develop and make different models more quickly and cheaply.

Headaches, however, have been plentiful. Aluminium's elasticity and elongation characteristics make it more difficult than steel to press into multi-curvature panels, thus needing extra care and precision in die-making.

Panels have to be transported in special containers as they are more vulnerable to scratching than steel. The structurally crucial die castings, made with the Vacural process in which the die is evacuated before the molten aluminium is injected, require extreme care in the control of the casting process and of the smelt, while the parts themselves must be carefully heat treated.

Some of the joining processes, such as punch riveting, are new or have been extensively adapted from conventional processes, in each case requiring very careful development but ultimately proving well worth the effort.

A significant advantage is that the ASF structure has only about one-third the number of body parts that a steel monocoque contains. Arguably, this is necessary as the manufacturing process is still more labour intensive than with steel and will remain so until a breakthrough into high volumes of smaller cars makes investment in new forms of automation viable. Only about 10 per cent of the assembly process is automated.

There are other manufacturing quirks too – for example, the need to heat the completed bodyshell to 210°C for 30 minutes to give it the required strength.

Audi will market the car as a lighter, more responsive, fuel-efficient and longer lasting luxury car than any steel-bodied counterpart.

"The question will not be how long the car will last but when the customer decides that he wants a new one," according to Wolfgang Ullrich, head of Audi's factory service centres.

Will Audi price the car at a significant premium over a conventional model? It is not saying yet. The pricing policy for the ASF will be decided early next year.

Worth Watching · Della Bradshaw

Shopping around for a new store design

Years of research into video image processing could now give retailers valuable information to help them re-design the layout of their stores.

Retail design consultancy ID Magasin is using Spytrack, adapted from a surveillance system by EDS Scicon, to analyse how shoppers move around a store.

Spytrack uses standard video cameras to record the images in the store. These are then transferred on to a PC where the software processes the images, calculating traffic flows, areas of congestion, cold spots and so on. EDS Scicon: UK, 0276 686200. ID Magasin: UK, 0858 461461.

Postcodes move to compact disc

Most British businesses know that if they address their envelopes in the required format – so that automated equipment can read them – they will get a discount on their postage rates.

Capscan, of London, has introduced Matchcode, a compact disc which contains all the UK's postal addresses in the required format. If addresses are entered into the computer in a random fashion, Matchcode will automatically format them, adding postcodes where necessary. The data can be used to adjust individual addresses as they are typed in, or to manipulate batches of addresses on a database. Matchcode can also be used for rapid addressing. Capscan: UK, 071 267 7055.

Early refuse catches the worm

After 30 years of research, a French company has devised a way to dispose of domestic refuse – by getting earthworms to eat it.

The technique, developed by Sovadec, of Montelimar, involves the strict control of temperature and humidity to ensure the maximum amount of organic materials are ingested and broken down into worm compost.

When the rubbish arrives the refuse sacks are torn open and the material is sorted into glass, plastic, metals and so on. The organic material is disinfected and then passes into the "verbicomposter" (incubator) – the most important element in the Naturba process. Here the worms eat the rubbish, after which a drying process separates the compost from the remaining refuse. Sovadec: France, 75 01 30 43.

Doing away with excess data

The problem many finance departments or accountants face when using PC spreadsheets is that everyone in the department is working on a different copy of the software – some of which can contain out-of-date or inaccurate information.

With the move towards "client-server" computing with one central database, Arbor Software of Santa Clara has developed Essbase analysis software which does away with the proliferation of data.

Essbase holds the information on the server to be drawn down by each user as required – 50 or more employees can gain access to the data simultaneously depending on the hardware configuration. Arbor Software: US, 800 858 1666; UK, 0734 566749.

How to solve a sticky problem

Chewing gum may lose its flavour on the bed-post overnight, but it certainly does not lose its adhesive properties. These prove a nightmare for transport authorities, street cleaners and even nightclub owners.

Perpetual Environmental, of Henley-On-Thames, has come to the rescue with GumAway, which uses citrus juices to soften the gum. It takes just a few seconds to soften the gum, which can then be peeled away and the surface washed down with water to prevent staining. GumAway is designed for use on both hard surfaces, such as floors, and fabrics. Perpetual Environmental: UK, 0491 417590.

PEOPLE

Tegner: on the Crest of a float

Ian Tegner says he has "four paid jobs and four unpaid ones". His latest paid post is to become non-executive chairman of Crest Packaging, which is planning its public flotation for the end of this month.

He adds that to his non-executive directorship of Arjo Wiggins Appleton, his independent directorship with Teeside Power, and his non-executive chairmanship of a company called Control Risks Group.

Tegner took early retirement from Midland Bank at the end of 1989, where he had been director of group finance. Before that he had been finance director of Bowater Industries between 1971 and 1986.

The joys of retirement for Tegner are that "I only have to take on things that I have a real interest in". He is fascinated by the nature of the business of Control Risks which, among other high-profile (but otherwise confidential) tasks, was responsible for the security operations involved in the liquidation of BCCI.

Control Risks advises companies and individuals on preventing risks, but it also handles responses when trouble – such as "product extortion", or blackmail related to tampering with products – breaks out. The company recruits its staff largely from the armed forces, police and fire services, "all of which provide sufficiently for people to retire at an age when they still have plenty of energy" to do other things, says Tegner.

It's clearly a philosophy he endorses; his four "unpaid" jobs all require energy. He is on the board of the English Touring Opera company – "I say we are the Heineken of the opera world, taking opera to parts of the country it normally never goes"; of MacIntyre Care, a charity assisting people with educational disabilities; of the Argyllshire Gathering, which organises bagpipe competitions and highland games in Scotland; and of the Countryside Trust, which exists to help urban children understand the operations of the countryside.

He sees his interest in Crest – subject of a management buy-out from Bowater in May 1985 – as being a continuation of the central theme that guides his activities these days; get involved with what you find interesting, whatever that might be.

Non-executive directors

■ **Sir Oliver Wright**, a former ambassador to Washington and a director of The Savoy Hotel and General Technology Systems, at ENVIROMED.

■ **David Anderson**, a director and general manager of Yorkshire Building Society, has resigned from BWD SECURITIES following Yorkshire's sale of its stake in the company.

■ **Robert Walther**, investment director of Clerical Medical Investment Group, at The FLEMING CLAVERHOUSE Investment Trust.

■ **John Lusher** at LISTER & CO.

■ **Robert Paine**, deputy chairman of Scholes Group, as chairman at BRITISH BUILDING & ENGINEERING APPLIANCES.

■ **Harry Hemens** at HUNTERPRINT.

■ **Ian Gibson** (below), chief executive of Nissan Motor Manufacturing (UK), at ASDA GROUP.

■ **The Hon Sir Angus Ogilvy** has retired from The RANK ORGANISATION.

■ **Victor Clements**, a partner at Moores Rowland, at WILLIAMSON TEA HOLDINGS.

■ **John Mackenzie** at SEET having retired as md.

■ **John Robertshaw** has retired from SENTRY FARMING GROUP.

■ **Sir James Birrell**, recently retired chief executive of the Halifax Building Society, at SECURICOR GROUP.

■ **Alan Dean**, executive director with North West Water Group, at ISA INTERNATIONAL.

■ **Tony Vice**, non-executive chairman of Bowthorpe and director of Dewhirst, at CIA group

City Solicitor to investigate complaints against accountants

Matthew Ives is to become director of the professional conduct department at the Institute of Chartered Accountants in England and Wales.

Ives, 45, will take over the position from Brian Harris, QC, who is to retire on January 4 next year.

His appointment comes at a time when the Institute has been under criticism for failing to act sufficiently quickly and harshly against accountants who transgress.

He takes over a department that has grown in size from 12 to 40 staff in the past eight years, and – like other professional bodies – is handling a growing number of complaints – currently standing at about 3,300 a year.

Ives is currently City Solicitor and Secretary to the City of Westminster in London. He has worked in Westminster since 1982, and was previously with the London Borough of Waltham Forest and the London Borough of Haringey.

He stressed yesterday that it was too early to suggest any changes to the organisation of the department but emphasised the need to balance the interests of the complainant against the interests of justice.

Andrew Colquhoun, secretary and chief executive of the Institute, says that Ives' work with local authorities had "sufficient analogies" with his new regulatory role to make him well suited for the post.

Harris will continue as secretary to the executive committee of the Joint Disciplinary Scheme, which investigates high profile public interest cases on behalf of the accountancy profession, such as Barlow Clowes, Maxwell and BCCI.

A fresh slice

From snacks to sandwiches could be the motto of David Garman, currently managing director of KP Foods UK, a division of United Biscuits. For he is moving to Associated British Foods, where from November 1 he will be managing director of Allied Bakers, a division of UB.

Twenty years with United Biscuits, Garman, 41, says he is looking forward to running a business with some of the most famous brand names in the rather unglamorous world of bread. Sunblest, Vitbe, Allison are all familiar names, and Garman – a history graduate of King's College, London University – will be working hard to build on their powerful past associations.

Garman has been in charge of KP Foods' UK operations, which have a turnover of some £400m annually, since January this year. He says he was tempted to move to Allied Bakers by the increased scale of the operations he would be handling. Allied has been considering the appointment for the past 18 months, following the death of Allied's previous managing director, Henry Jackson, in a car accident.

"United Biscuits has a very good reputation for management development and training, and I have a wide experience gained from being involved in a number of the group's operations. But the size of the challenge at Allied, the characteristics of the market, encouraged to me to move across," says Garman.

Ballet

Beguiling Coppélia from LCB

London City Ballet is back in business – and in more senses than one, thanks to renewed commercial support. After a decade of gallant, and gallantly independent, existence, financial uncertainty forced the company to close this summer for want of serious government subvention. The Arts Council, to whom every lame post-modern duck is a swan, chose to ignore the merits of an ensemble which played 200 performances a year of decent classic stagings to a devoted public. (Perhaps these audiences were not small enough. Perhaps the repertory was not sterile and self-indulgent enough to warrant funding). Sponsorship was the lifeline that sustained the troupe until this July. Honourable closure ensued.

Then ADT, the Texaco Endowment, Prospect Charitable Trust and the Sander Gorlinsky Trust, came to the rescue – and how welcome their support. LCB has been revived, and is embarked upon its autumn round of performances with a new and excellent staging of *Coppélia*. I saw the production at the Churchill Theatre in Bromley on Wednesday. Cecilia Barrett has mounted the hallowed old Russian text (by Petipa and Cecchetti) for the first and third acts; the second is given in Jack Carter's sensitive edition. The result, with Peter Farmer's pretty designs (made some years ago for LCB), is a beguiling, splendidly honest version of the dear old ballet. The narrative is uncomplicated and alert; the dances are infectiously happy, touched with true gaiety of spirit.

I know that I have been watching *Coppélia* since the dawn of time: a presentation as light-hearted and responsible as this – with dancers who are clearly enjoying what they *do and are eager to share that* enjoyment with their public – makes this ancient charmer still the freshest and best of experiences in the dance theatre. Though LCB can only provide 18 musicians, Delibes' golden score loses none of its power to inspire the action under Daryl Griffith. It sparkled as it should, and a lady seated near me could not resist humming along with its melodies: that it can give such pleasure is part of its magic.

The cast was led by Jane Sanig as a vividly happy Swanilda – her characterisation is quick-witted, quick-footed – and by Marius Els, an assured Franz who is also an excellent partner. Terry Hayworth was a jolly Coppélius, yet responsive to the darker moments of the second act; the ensembles were as lively and buoyant as one could wish. It was a delightful performance, rewarding to both dancers and public. LCB must not be placed in jeopardy again.

Clement Crisp

London City Ballet tours Coppélia and a good triple bill this autumn to Swansea (week of Nov.1): High Wycombe (Nov 8); Croydon (Nov 15); Brighton (Nov 22). Sponsorship is provided by ADT, Texaco, The Prospect Charitable Trust, The Sander Gorlinsky Trust.

Lorenzo in London

Susan Moore reviews the Renaissance exhibition at the Accademia Italiana

A great patron can only exist at a time and in a place where great art is to be found. Last year Florence spared no expense in commemorating the fifth centenary of the death of one of its most illustrious sons. No fewer than nine exhibitions were devoted to the art and culture of the age of Lorenzo the Magnificent. It may be that a tireless visitor would have come away with a more profound understanding of the relationship between the man and his time, but it seems more likely that he would have been unable to see the wood for the trees.

Now the Accademia Italiana in London offers a kind of digest of the Florentine shows in a single exhibition. It was a bold undertaking, not least in a venue outside Italy (Italian museums are renowned for their reluctance to lend works of art) and one as essentially domestic in scale as the Accademia.

The catalogue – despite the lamentable translation – is very illuminating about Laurentian architecture and Lorenzo as a patron and collector, the political and religious life of late 15th century Florence, its spectacular public entertainments and the workshop system of its artists and craftsmen. Those who do not invest in it (£18) will find a quite different show.

Its strength lies in the power of the exhibits to bring to life not so much Lorenzo as some aspect of the vanished world of Renaissance Florence. That object might be a richly gilded ceremonial helmet topped by a predatory eagle from the vast workshop of Antonio del Pollaiolo; a noble 2nd century AD bronze head of a horse from the Medici collection beside the much smaller contemporary version it no doubt inspired; or a humble patchwork cushion. Perhaps such juxtapositions explain exhibition designer Maurizio di Puolo's brutalist chipboard and gold leaf.

Exceptional works of art are to be found. Particular treats include a miniature Crucifixion by Fra Angelico and Fra Bartolomeo's exquisite grisaille panels from the tabernacle of Pietro del Pugliese. From San Gimignano comes a bust of an obscure local saint, Santa Fina, by Pietro Torregiano. Demonised by posterity as the teenage lout who broke Michelangelo's nose, or at least as the author of Henry VII's tomb in Westminster Abbey, he reveals himself here capable of extraordinary feats of delicacy. As if in a gesture of deliberate ostentation, the sculpture is carved out of fine marble and then painted.

The least important works of art are often the most telling, not least the anonymous, meticulously detailed account of Savonarola's execution at the stake. This piece of reportage is made all the more chilling for its wide-eyed naivety – and also because the Piazza della Signoria has changed so little since then.

Inevitably the Renaissance is thought of in terms of "high" art and of an unbroken succession of masterpieces. One of the show's most refreshing features is that it continually challenges these misconceptions. Laurentian Florence not only produced such high-minded and princely objects as the masterly small bronze Hercules on Horseback by Bertoldo di Giovanni, the mentor of Michelangelo, but the primitive but no less compelling "Madonna del Soccorso" which belongs more to the folk tradition of the peasant ex-voto. The Virgin appears larger than life and brandishing a knobbly club with which to ward off a bearded scarlet monster of a devil. He can snarl as much as he pleases but the child will be able to return to the safe embrace of his praying mother.

Folk tradition of the Renaissance: Florence's 'Madonna del Soccorso'

Lorenzo is powerfully present in the sequence of lavishly mounted hardstone cups and vases, and in the manuscripts. Fashioned out of rock-crystal, sardonyx, cornelian and amethyst, the former blazon his name, the letters LAV.R.MED cut into their very surface. Such gems, ancient and modern, were Lorenzo's passion. It is revealing that his prized Farnese Cup, perhaps the most impressive of all antique cameos, was valued at 10,000 florins. A mere Botticelli was worth around 100. As far as we know, he never cared to buy one.

Medici emblems and those of the man himself – the laurel wreath being the most obvious – sumptuously embellish the manuscripts that he acquired or commissioned to supplement the already extensive family library. The creation of the Laurentian Library at San Lorenzo was to absorb much of Lorenzo's energies and finances during his later years. His was the last great manuscript collection of the Renaissance, amassed at a time when the invention of printing had already sounded their death-knell.

Renaissance Florence: The Age of Lorenzo de' Medici 1449-1492, sponsored by the American Express Foundation, continues until January 23, 1994 at the Accademia Italiana, 24 Rutland Gate, SW7.

Theatre

Hedda Gabler

Hedda Gabler reached London in 1891 via Munich, Helsinki, Berlin, Stockholm, Copenhagen and Gothenburg. The Munich opening was a flop, but Ibsen shrugged: "The public likes to laugh." There is awkward laughter at the end of *Hedda* at the Manchester Royal Exchange, a sign that the production still lacks focus and seriousness.

Henrik Ibsen (1828-1906) is the most domestic of playwrights, closest to Chekhov, but without his expansive melancholy and without the calm centre which every Chekhov play has. At the centre of Ibsen lies the dramatic version of Soren Kierkegaard, even if he claims to have read little of the philosopher. But all Ibsen comes down to this: "What is healthy is the happiness one acquires through one's own will." This is as true of Nora in *The Doll's House* as of Hedda.

Hedda's suicide should be the end of expectation and the end of the play. At Manchester, the direction (Joseph Blatchley) is too frenetic and flighty to allow the issues, let alone the characters, to settle. Keeping actors on the move in the all-round auditorium at Manchester dispels the claustrophobia of Ibsen's play and makes Hedda's suicide into a random event rather than the outcome of her circumstances.

Geraldine James as Hedda gradually bends her imperiousness to her surroundings ("I suppose a butler is out of the question"), and sets about manipulating her pliant husband, Jorgen. Ibsen writes short speeches, always clear about the distribution of power in each exchange. These are adult conversations. Hedda: "Did you enjoy yourself?" Jorgen: "Were you worried about me?" Hedda: "No, I asked whether you enjoyed yourself."

James plays Hedda at full throttle, never finding quiet, never concentrating the action. Her best scenes are with Dave Hill as Judge Brack, who locates a tone of level menace, and who does keep still on stage. Alongside her, Phillip Joseph is far too ineffectual as Jorgen, the stupid, soppy academic specialising in "The cottage industries in the Brabant in the Middle Ages"; he marries Hedda and falls short of her demands; it is, admittedly, a hard part, for Joseph has to represent feebleness without being feeble.

Hilton McRae as Eilert Lovberg, Hedda's former suitor and Jorgen's present rival, fails to find the necessary charisma. The whole production should be more like *Middlemarch* and he should be just like Will Ladislaw. The weak women, well played by Marlene Sidaway (Jorgen's aunt) and Cecily Hobbs (Lovberg's devotee) balance the excesses of Hedda's behaviour and James's acting.

The production needs to find pitch and purpose. Ibsen is a strong willed writer and requires tough treatment from the director. There is director's wisdom in Ibsen's remark to a friend: "It always strikes me as comical when people tell me that something they wanted did not work out. They have merely desired or longed for something, not willed it."

Andrew St George

Royal Exchange, Manchester (061 833 9833) until November 13

The Way of the World

For the Dublin Theatre Festival the Rough Magic theatre company produced Congreve's *The Way of the World*, which has not been seen here since 1932. Perhaps the reason for its long absence is that this is not a light, frothy comedy, but a serious moral one whose convoluted plot demands close attention from the audience.

Director Lynne Parker has taken an inspired gamble by setting the play in the 1930s, a period which is brilliantly suited to Congreve's cynical cast of characters. It is played in the round on a set (by Blaithin Sheerin, who also designed the costumes) which consists of a stark steel and smoked glass cocktail bar. The women wear slinky long dresses while the men appear in various permutations of white tie and evening dress.

However, it is still hard work to follow the double crossings and dissimulations. Basically, it concerns Mirabell's efforts to convince Lady Wishfort to allow him to marry her niece, Millamant. It is complicated by the marital infidelities of the Fainalls, in which Mrs Marwood is involved, and the arrival in town of Lady Wishfort's nephew Sir Wilful Witwoud. Most people will sympathise with Sir Wilful's half-brother Witwoud when he says, towards the end of the long protracted denouement, "Egad I understand nothing of the matter; I'm in a maze yet, like a dog in a dancing school."

One of the most striking features of the 1930s setting is the uncanny way that Congreve's words, written in 1700, sound so appropriate from the lips of these chain-smoking lounge lizards. The characters' affected, world-weary attitudes travel remarkably well across the centuries, and Congreve's words are brought newly alive.

Among a hard-working cast of 13, Darragh Kelly's Witwoud is especially appealing, raising laughs where one would not necessarily expect them. Barbara Brennan plays the aged and domineering Lady Wishfort with such subtlety that she seems more pathetic than ridiculous. Andrea Irvine's Millamant is a lively black-haired beauty, and it is easy to see why Mirabell is so enthralled. I thought that Peter Hanly's Mirabell was too young and foppish to carry the moral weight of the part, but he came good in the last act. Martin Murphy, a large fresh-faced man, was perfectly cast as the country cousin, Sir Wilful Witwoud, and Mal Whyte apparently making his stage debut as Waitwell, the servant who is disguised to woo Lady Wishfort and make a fool of her, has a natural comic gift.

Lynne Parker directs the proceedings at a fast and well-sustained pace, and as far as I could tell not a word has been cut. She also makes some good visual jokes with the unusual set, for example, posing Millamant beside a pillar to which the white lily has been tied, and using the actors' cigarette smoke to *symbolise* their dissemblance.

Alannah Hopkin

Jazz/**Garry Booth**

Delightful Precipice

"We know our Freddie Keppard backwards, but we are not part of the retro-movement yet" said Django Bates breathlessly, two thirds of the way through the crazy funfair that is the Delightful Precipice. The shipping forecast tape which played to the filling auditorium had already warned of the gales to come and when the 18 pieces which make up the jazz orchestra filed in, the atmosphere in the QEH was like that of the end of term concert.

Yes, jazz is fun again! For Bates, one of many Loose Tube luminaries in the 1980s, it always has been and with the new band (which features other Tube people), and a new record deal, he keeps the eccentric faith.

The combination of conventional orchestration in reeds and brass with piccolos, kazoos and what looked like Northumbrian pipes behind Bates's own ricocheting and sometimes random keyboard technique creates a heaving, seemingly steam driven mass of sound.

The writing, mostly Bates's own and sometimes drawn from the Loose Tubes' book, describes a peculiarly British scene of obsession and off-kilter observation. Fans of Ivor Cutler, Viv Stanshall, the seaside and the sixth form should find a welcome in numbers such as "Armchair March", "Queen of Puddings" and "The Loneliness of Being Right".

Earnest followers of the stern young men who make up what Bates describes as the retro-movement should give Delightful Precipice a wide berth, however. Featured soloists such as Iain Bellamy (saxes), Julian Arguelles (baritone sax) and Eddie Parker (flutes) know the rules but choose to bend them, egged on by Bates's mad professor direction which involved him whirling from his stool, peck horn in band to gurn horribly at the brass section.

Less swinging than the Tubes, perhaps, the Precipice is similarly bursting with ideas which are juxtaposed at crazy angles to keep the listener off balance. And although some of his musical gags may cause the odd wince, as an antidote to the unsmiling keepers of the tradition, Bates is becoming an indispensable part of the jazz scenery.

Sponsored by Contemporary Music Network, Arts Council. Tour continues to Swansea Talisin Arts Centre (Oct 21); Bath University Hall (Oct 22); Plymouth Guildhall (Oct 23); Birmingham Adrian Boult Hall (Oct 24); Manchester Royal Northern College of Music (Oct 27); Leeds Irish Centre (Oct 28); Coventry Warwick ARts Centre (Oct 29); Cheltenham Town Hall (Oct 30)

Concert/**David Murray**

Bawden's Days of the Hawk

Not enough people notice the BBC Symphony's season of concerts in the Maida Vale Studios. They are thoroughly prepared and recorded for future broadcasts, but free to their live audiences (you need only apply to the Radio Ticket Unit). Much of what they offer is out-of-the-way, in one way or another, or often brand new. On Wednesday, for example, we had 35-year-old Rupert Bawden conducting the premieres of two of his own choral works, flanked by Bartók pieces and with Berio's *Chemins III* in the middle.

The choice of the *Chemins* – a mini-concerto for viola, Berio's second expansion of his *Sequenza* for viola alone – may have been prompted by Bawden's being a violist himself. (He used to be a familiar face among the strings in various modernist ensembles.) This was the first time I had heard him conduct. His excellent soloist scrubbed and buzzed away as her part requires, but the multi-levelled orchestral commentary, sprouting off in all directions from the central role, sounded opaque, too much of a muchness.

Four of Bartók's choral folksong arrangements, beautiful but technically difficult, were delivered cleanly by the BBC Singers. In the same composer's Dance Suite, Bawden secured the right pungent, vociferous instrumental colours, but only a modicum of its rhythmic drive. As also in the Folksongs, there was too little electricity to carry across the sudden pauses and suspensions. (His "body language", as they say, looks stiff still, and my companion remarked upon his unfocussed up-beat.)

It may be that in other hands, Bawden's new *The Days of the Hawk* – a BBC commission – would reveal a more urgent, forward-leaning profile than it showed here. At 22 minutes long, it needed that; and yet it had other virtues that made their mark. The basis of the piece is a poetic rhapsody on, or after, a fraught episode from an Arab epic (narrated over the initial music). Against a background of orchestral whispers, deep-struck basses, solo phrases like the cries of birds, the chorus intones the text with quiet fervour. Mostly in close-knit lines and regular, even notes: the effect is more of incantation than of dramatic expression.

The atmosphere is consistently sustained, and palpably, tantalisingly "exotic" in a way that echoes, say, early Roussel or Florent Schmitt. In the absence of any sharply defined development, however – as far as one could hear – the piece began to seem becalmed midway through, the choral part too mild and steady to register much more than modest peaks of intensity. I imagine that more was intended.

INTERNATIONAL ARTS GUIDE

■ EXHIBITIONS GUIDE

AMSTERDAM
Van Gogh Museum Philippe Rousseau and Louis Welden Hawkins: neither Rousseau's *still-lifes nor Hawkins' symbolist* and decorative paintings are the work of a master, but they recall the striking role these 19th century French artists played in their own milieu. Ends Nov 14. Daily
Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. Closed Mon
ANTWERP
Ethnographic Museum Masks from Zaire. Ends Dec 31. Closed Mon
Museum Mayer Van den Bergh The Triumph of Death (1626): a recently-discovered painting by *Pieter Brueghel* the Younger, on public show *for the* first time. Ends Dec 31. Closed Mon
BARCELONA
Museu Picasso Picasso and the Bulls: paintings, drawings, sculptures and ceramics on the theme of bull-fighting, showing its life-long importance in Picasso's imagination and inspiration. Ends Jan 9. Closed Mon (Carrer Montcada 15-19)
Fundació la Caixa Turner: *watercolours and drawings from* the Tate Gallery. Ends Nov 7. Closed Mon (Centre Cultural, Passeig Sant Joan)
BASLE
Museum für Gegenwartskunst Joseph Beuys: four books from Projekt Westmensch 1958. Ends Jan 9. Closed Mon
Kunsthalle Andy Warhol Abstract: six late picture series. Ends Nov 14. Closed Mon
BERLIN
Martin-Gropius-Bau Japan and Europe 1543-1929. Ends Dec 12. Closed Mon
Brücke Museum Ernst Ludwig Kirchner: drawings and watercolours from the museum's own collection. Ends Jan 9. Closed Tues
BIELEFELD
Kunsthalle Picasso's Late Work 1966-72: paintings and drawings from worldwide collections. Ends Jan 30. Closed Mon
BRUSSELS
Musée d'Ixelles From Giorgione to Tiepolo. Ends Dec 12. Closed Mon (71 rue Jean Van Volsem, tel 511 9084)
Palais des Beaux-Arts Jimmie Durham (b1940): paintings and sculptures by the controversial American Indian artist. Ends Nov 14. Closed Mon
CHICAGO
Art Institute Max Ernst: 180 works. Ends Nov 30. Daily
COLOGNE
Josef-Haubrich-Kunsthalle From Malevich to Kabakov: the Ludwig Collection of Russian 20th century art. Ends Jan 2. Daily
DRESDEN
Albertinum Egyptian Antiquities: *400 objects from the Dresden* collection. Ends next July. Closed Thurs
ESSEN
Folkwang-Museum Morosov and Shchukin: 120 impressionist and early modern works from the St Petersburg Hermitage and Moscow Pushkin Museums. Ends Oct 31. Closed Mon
FLORENCE
Museo Pecci Robert Mapplethorpe. Ends Jan 7. Closed Tues
Casa Buonarroti Michelangelo: 18 masterpieces. Ends Oct 30.
Galleria del Costume di Palazzo Pitti Fashion at the Court of the Medicis. Ends Dec 31.
LONDON
Accademia Italiana Renaissance Florence, The Age of Lorenzo de'Medici: paintings and sculpture by Botticelli, Fra Angelico and other prominent 15th century Italian artists, as well as illuminated manuscripts, books from Lorenzo's library, jewellery and precious objects. Ends Jan 23. Daily
Tate Gallery Ben Nicholson: a centenary overview of the career of the British abstract painter. world. Ends Jan 9. Edward Burne-Jones: sketches from the museum's collection. Ends Nov 7. Daily
Royal Academy of Arts American Art in the 20th Century: the period from 1913 to 1970 is covered at the Royal Academy, and from 1970 to the present day at the Saatchi Gallery. Ends Dec 12. Daily
Marlborough Fine Art Francis Bacon: small portrait studies. Ends Dec 3.
Whitechapel Art Gallery Lucien *Freud. Ends Nov 21. Closed Mon*
British Museum Drawings from Chatsworth. Ends Jan 9. Daily
Hayward Gallery Alphonse Mucha: retrospective of the Czech Art Nouveau artist, renowned for his fin-dè-siecle posters in Paris. Ends Dec 12. Daily
National Portrait Gallery Thomas Eakins: 44 paintings and five drawings by America's most admired 19th century portraitist. Ends Jan 23. Daily
National Gallery The Wilton Diptych. Ends Dec 12. Daily
MANTUA
Palazzo Te Giulio Romano: drawings by Raphael's most distinguished pupil. Ends Nov 21. Closed Mon
MUNICH
Kunsthalle der Hypo-Kulturstiftung Dada: 150 paintings, drawings and collages. Ends Nov 7. Daily
Villa Stuck Max Beckmann: 190 prints, woodcuts and lithographs 1901-46. Ends Nov 14. Closed Mon
NEW YORK
Museum of Modern Art Joan Miro: centenary exhibition of one of the 20th century's great masters, comprising 325 paintings, drawings, sculptures, ceramics, prints and illustrated books. Among the series represented are the dream paintings of the 1920s and the constallation series of 1940-41. Ends Jan 11. Robert Ryman: 80 works by the American abstract artist. Ends Jan 4. Closed Wed
Metropolitan Museum of Art The Annenberg Collection: 53 impressionist and post-impressionist paintings, watercolours and drawings, *surrounded by the museum's own* world-renowned collection of 19th century European paintings. Ends mid-Dec. Master Drawings of the Hudson River School: 50 works on paper by America's earliest school of landscape painting. Ends Dec 26. Closed Mon
Guggenheim Museum Roy Lichtenstein: *130 major paintings* and sculptures. Ends Jan 16. Paul Klee: 60 works from the museum's own collection. Ends Oct 31. The main museum is closed on Thurs, the SoHo site on Tues
PARIS
Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)
Musée des Arts Décoratifs Fabergé: exquisite goldsmiths' work produced in Russia by the firm of Carl Fabergé from the 1870s to 1918. Ends Jan 2.
Grand Palais Les Nabis. Ends Jan 3. Closed Tues, late opening Wed (ave du General Eisenhower)
Petit Palais Masterworks from Leipzig. Ends Dec 5. Closed Mon
Museé de l'Orangerie Art in Paris at Paul Guillaume's. Ends Jan 3. Closed Tues
PRAGUE
Prague Castle Riding School Jean Dubuffet: 75 paintings and sculptures presenting a cross-section of the work of the founder of Art Brut. Ends Nov 28. Closed Mon
Convent of St George 16th and 17th Netherlandish Drawings: 50 works representing an important part of the Czech National Gallery's *collection of Dutch graphic arts.* Artists represented include Pieter Brueghel the Elder, Lamerd van Noort and Abraham Bloemaert. Ends Jan 1. Closed Mon (Prague Castle)
ROME
Palazzo Venezia Corrado Giaquinto: the late baroque artist, feted in European courts during his lifetime, has since been unfairly neglected. This fine show attempts to set the record straight. Ends Nov 14. Closed Mon
Palazzo delle Esposizioni Antonio Donghi (1897-1963): an exponent of the school of magical realism, Donghi was much-lauded in the 1930s. Today, his static and maniacally detailed portraits come across as merely curious. Ends Nov 7. Closed Mon
STUTTGART
Württembergischer Kunstverein The Gardens of Islam: paintings, ornamental drawings, ceramics and fragments of the Koran. Ends Oct 31. Closed Mon
Staatsgalerie From Bernini to Piranesi: 140 sketches, drawings and plans by the leading architects and illustrators of baroque Rome. Ends Dec 12. Closed Mon
VENICE
Palazzo Grassi The Unknown Modigliani: 430 drawings. Ends Jan 4. Daily
Fondazione Cini Francesco Guardi: 50 works by the 18th century veduta painter. Ends Nov 21. Closed Mon
VIENNA
KunstHaus Joan Miro: centenary exhibit of 120 sculptures by the Catalan painter. Ends Jan 24. Daily
Künstlerhaus Czech Modernism *1890-1918: 250 works examining* the historical transitions and continuities in fin-de-siècle Czech art, and illustrating how artists of the period responded to and assimilated Symbolism, Cubism and other international influences. Ends Nov 2. Daily
Kunsthalle The Language of Art: a survey of the relationship between text and picture in 20th century art, from the Cubists to the present. Ends Oct 17. Closed Tues
Albertina Landscape in the Century of Rembrandt. Ends Nov 14. Daily
WASHINGTON
National Gallery of Art John *James Audubon: 90 watercolours* by the early 19th century American naturalist-artist. Ends Jan 2. Cesarini Venus: Giambologna's marble masterpiece (c1583) is the centrepoint of an exhibition focusing on the female nude. Ends Jan 17. Lovis Corinth: 74 prints and drawings by the turn-of-century German painter and draughtsman. Ends Feb 21. Daily
Walters Art Gallery Sacred Art of Ethiopia: 100 examples of religious art tracing the history of the Christian kingdom of Ethiopia through icons, illuminated *manuscripts, metalwork, silver and* gold, ranging from the 4th to 18th centuries. Ends Jan 9. Artists of Ecouen. Ends Feb 6. Closed Mon
National Museum of American Art Pueblo Indian Watercolours. Ends Nov 29. Daily

Back from the abyss

Richard Lapper on the revival of confidence in Lloyd's

The morning after the night before, the mood at Lloyd's was better yesterday than could have been expected when work began earlier this year on rules to allow corporate investors into the insurance market for the first time.

Wednesday's landslide vote by Lloyd's Names, the individuals whose assets have traditionally supported underwriting, in favour of the rule change signalled a fundamental shift by the 300-year-old market. Blue-chip banks and securities houses now plan to launch at least 16 new Lloyd's investment trusts, with the aim of raising more than £1bn from institutional and retail investors. The money will be invested in equities and gilts, but also used to back Lloyd's syndicates. Though the appetite of investors might not be as great as some corporate financiers hope, Lloyd's can expect to raise at least £500m.

The decline in Lloyd's capital base, which seemed inexorable only 12 months ago, has been halted. Next year, capacity – the amount of business that can be accepted for a given amount of capital – should rise above £9bn, compared with £8.7bn currently. Heavy losses are expected when, over the next two years, results are published for 1991 and 1992, but confidence is returning: insurance rates are rising steeply in most sectors.

For instance, Mr John Charman, underwriter of one of the market's biggest marine syndicates, says his rates have increased by 60 per cent this year. "After many years of famine, Lloyd's is producing very strong underwriting profits," he told Wednesday's extraordinary general meeting.

Mr David Rowland, Lloyd's chairman, and Mr Peter Middleton, chief executive, know, however, that euphoria would be misplaced. Still to be implemented is an ambitious plan announced in April to transfer billions of pounds of potential asbestosis and pollution claims into a new reinsurance company, with the aim of "ring fencing" the liabilities to protect new investors.

They have also promised to reach an out-of-court settlement with thousands of loss-making Names whose legal actions are still outstanding. Failure would mean years of litigation.

On both these counts, however, the market's prospects are brighter than Mr Rowland and Mr Middleton would have thought possible a year ago. Corporate investors recognise that totally ring fencing the old US asbestosis and pollution claims may prove difficult, but are prepared to accept this as a commercial risk. During the summer Sir Laurie Magnus, who has led work on a Lloyd's investment trust launched by Samuel Montagu, the merchant banker, was worried about the uncertainties. But now he is more pragmatic: "We're not worried now. There is a risk but we have to take a commercial judgment."

Mr Michael Hesketh, a director at Barclays de Zoete Wedd, has told potential investors in CLM Insurance Fund, which BZW is sponsoring, that the risks they face at Lloyd's from US pollution and asbestosis claims are no greater than those involved in buying shares in some UK and US insurance companies, which are exposed to many of the same claims.

At the same time, the scale of Wednesday's vote in favour of Lloyd's plans on corporate membership demonstrates that dissident loss-making Names do not have enough support to dent confidence in the market.

Mr Michael Deeny, the chairman of the Gooda Walker Names Action Group, the biggest group of loss-making Names, is sceptical about the chances of an out-of-court deal and is still intent on "suing the pants off Lloyd's". But he acknowledges that Mr Rowland and Mr Middleton have won the confidence of many embittered Names.

There are also reasons for Lloyd's to be optimistic that the problems of the last five years, when losses totalled more than £6bn, will not recur. Corporate members and individual Names, who continue to underwrite without any limit on their potential losses, are beginning to diversify risks by making smaller commitments to more syndicates.

Four out of five members' agents – which handle the affairs of individual Names – next year plan to introduce Members' Agents Pooling Arrangements, which will spread the commitments of Names more widely. Financial Intelligence & Research, a consultancy monitoring Lloyd's syndicates, expects Mapas to supply £5.2bn in capacity in 1994, more than half the market total.

Corporate investors are also more likely than individual Names to make greater demands on agents and syndicates, reinforcing moves towards greater professionalism in the market. Mr Chris Hitchings, analyst with UBS Global Research, says: "Corporate investors are not brighter than Names, but they are managing other people's money and this does require them to undertake a basic exercise in screening investments for those whose demise would be indefensibly embarrassing."

Yet some pessimists see new problems arising out of this week's successes. Over the past 18 months, with much of the market short of capital, it has been relatively easy to press the case for cost-cutting and greater professionalism. But the expected inflow of capital could make it harder to persuade underwriters to accept lower salaries or conform to quality standards.

Worse still, with capital abundant, some underwriters may be tempted to reduce their rates to win business, raising the spectre of the fierce rate wars that proved so damaging in the late 1980s.

Agents who manage syndicates say that already they are unable to accommodate all the potential interest of corporate investors. "There is now a large excess of supply of capital over demand," says Mr Paul Archard, of the Murray Lawrence agency.

Mr Robert Hiscox, deputy chairman of the market who oversaw plans to bring the corporate capital to the market, agrees that some attitudes have begun to change. "The cockiness is back. A few arrogant underwriters are slipping back into their old habits." Some underwriters tell him they intend to increase their charges for corporate members, says Mr Hiscox. "I tell them: 'The lifeboat has just come in and you want to charge it to land?'"

Lloyd's had already taken some steps to prevent a repetition of its mistakes, unveiling contingency plans in April to limit the amount of corporate capital that would be allowed to enter the market. At the time, there was little expectation that such a mechanism would be needed.

If too much capital is attracted for the market to absorb, however, Mr Rowland may have to invoke such powers – or the revival in confidence may foreshadow an unpleasant hangover for Lloyd's.

Joe Rogaly

Racists' protective blanket

Here is a news item: "German thugs stab Turk at petrol station, jeer his German girlfriend". Here is another: "Gang of nine Germans, one a girl, savagely beats 17-year-old Turkish boy, leave him for dead". Here is a third: "Turkish child, 15, stabbed to death by neo-Nazis at Hamburg bus stop".

The lesson is clear. You cannot trust the Germans. They always revert to type. Oh yes? The above headlines have all been doctored. The attacks they describe did take place, but not in Germany, and not on Turks. The perpetrators were British, the victims black and Asian British youngsters. The natural German response to such events in their own country is a resurgence of *angst*; the natural British reaction is to snuggle down under a blanket of complacency. After all, they – the Germans – are the known racists. Who won the war? We – the British – are the most humane and liberal of the earth's peoples.

Phooey. The number of racial "incidents" reported to the police – the *British* police – rose from 4,383 in 1988 to 7,793 last year. The actual number is far higher. Many blacks and Asians are too sceptical, or too afraid, to make an official complaint. Responses to the British Crime Survey suggest that there are now 140,000 racial attacks a year in England and Wales alone. It does not matter that some or many of these may have been "minor"; the point is that their cumulative effect is to make certain neighbourhoods unsafe for a segment of the population. A few are unsafe in the extreme. There were 10 racial murders in Britain last year, putting us second in Europe after Germany. Some interpretations of the statistics put the home of liberal democracy first.

Britain's complacency is partly explained by electoral behaviour. Continental Europeans are more likely to vote for openly xenophobic parties than are their offshore cousins. In one German state, Hesse, the Republican vote in March was 7.9 per cent. In France Mr Le Pen's candidates attracted 12 per cent in the first-round vote of the March election. The recent victory of the British National Party in a council by-election in a deprived inner-city area is meaningless set against such figures. A more appropriate comparison is with the April 1992 general election. The average BNP vote in the dozen or so constituencies it contested was 1.2 per cent; as a share of national votes cast its score was 0.02 per cent. Psephologically speaking, this is Monster Raving Loony party territory.

> **It is beyond question that the protection of black and brown British subjects must be higher on the government's agenda**

The explanation for the apparent sophistication of Britain's voters is well-known. The main parties have a tacit understanding with the electorate. They will eliminate non-white immigration, by supporting laws that reduce it to the barest minimum that humane treatment of family connections will allow. Race relations legislation is in place to protect the British-born ex-immigrant population. In return, voters abstain from supporting openly racist parties.

What is not so clear is the connection between the presence of the BNP office in Welling, south London, and the rise in the number of serious racial assaults and murders in the surrounding area. What is even murkier is what is to be done if there is a provable connection. Angry – scared – blacks and Asians who marched towards Welling last weekend want the racist party closed down. That is not the British way. It is, rather, to allow the BNP to speak and campaign, and to prosecute anybody who assaults anyone.

This is probably not good enough. Much depends on how hard the police try to protect non-white citizens. "Racial attacks will not be tolerated," said Mr Michael Howard, the home secretary, in his celebrated leading-from-the-right speech to the Conservative party conference in Blackpool on October 6. I wish I could say that the Conservatives cheered, stamped their feet, clapped and whistled. They did not. "We are all, rightly, dismayed at events such as the recent sickening attacks on young Asian and black men," Mr Howard told the Jewish welfare organisation B'Nai Brith last week. He also deplored "the election to a local council of a candidate whose very policies are an affront to the overwhelming majority of the British public".

Mr Howard must be given credit when it is his due. He gets plenty of stick when it is not. Strong signals from leading politicians *should* be part of an effort to isolate the skinheads. But if words alone could limit the threat of racial attacks the home secretary's statements would be the end of the story. We must hope that Mr Howard is thinking of more than declarations of outrage. He is due to visit Tower Hamlets, the scene of many racist crimes, this morning. His purpose is "fact finding", to establish whether the "community relations" policies he praised in his B'Nai Brith speech need improvement.

They do. Local committees are being established, under the guidance of an interdepartmental Racial Attacks Group, chaired by the Home Office. We need more of them, with strengthened powers and sufficient resources. More targetted policing would help. This should reduce attacks and, as experiments in key boroughs have shown, the number of thugs caught – the "clear-up rate" – increases dramatically when a small police team is dedicated to the job.

Many Asians and Afro-Carribeans want new offences of racial violence and harassment to be created. The Commission for Racial Equality, the Jewish Board of Deputies, and the Anti-Racist Alliance support this. I would like to, but remain puzzled. Mr Howard says that existing law deals with violent assaults, while the Public Order Act prohibits conduct intended or likely to stir up racial hatred. To require proof of racial motivation in addition to proof of assault might make convictions more difficult. Put that way, yes – but the police could get assault convictions on ordinary grounds. Judges could take racial motivation into account in determining sentence. This might deter some skinheads. Against that, certainty of conviction is a greater deterrent than length of sentence.

These are fine, arguable, details. What is beyond question is the need to place the protection of black and brown British subjects higher on the government's list of priorities. Telling ourselves we are not Germans will no longer suffice. I'd like to think that Mr Howard is aware of that.

LETTERS TO THE EDITOR

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Managed trade an 'assault' on system

From Prof Gary R Saxonhouse.

Sir, As a long-time student of the Japanese economy and a signer of the recent open letter sent by American economists to President Clinton and Prime Minister Hosokawa denouncing managed trade ("US economists attack 'myopic' trade calls", October 7), I was surprised to find C Fred Bergsten arguing in his letter (October 15) that his views on Japanese trade barriers had not changed over the past decade. That Mr Bergsten found Japan had trade barriers in the mid-1980s is hardly the issue. No one believes Japan has no trade barriers more than any serious observer believes the US or the European Community has no trade barriers.

The real issue is whether Japanese barriers are so distinctive that resort to what Mr Bergsten calls "unorthodox policy responses" like voluntary import expansions (VIEs) are necessary. On this there con be no debate about the change in Mr Bergsten's position. In the 1985 study cited in his letter, Mr Bergsten, and his colleague William Cline, found that "... Japan shows no special aberration of low imports that might be attributable to high but intangible protection, after taking account of country size, natural resource endowment and transportation costs. And although the share of Japanese manufactures in Japan's total imports is low, there are sound reasons of comparative advantage to expect this pattern".

Given the high regard in which he is held in policy circles throughout the world, Mr Bergsten should explain why he has changed his views, rather than strive unnecessarily for consistency. Unhappily, Mr Bergsten's recent book, *Reconcilable Differences*, goes so far as to neglect the research done at the Institute of International Economics by him and his colleagues which supports his earlier views. By neglecting such work, Mr Bergsten's new book gives the impression that his new views regarding trade barriers are supported by the majority of careful studies of this issue. This is not the case at all.

Rather than changing his original views on Japanese trade barriers, Mr Bergsten would be better off revising his views on VIEs. Despite instruction from Professor Bhagwati's letter (August 23), Mr Bergsten still fails to grasp the analytical equivalence between VIEs and voluntary export restraints (VERs). In both cases, Japanese sales are being restrained. VIEs restrain Japanese sales in the home market. VERs restrain Japanese sales in an overseas market.

In flat contradiction to what Mr Bergsten alleges, there is nothing in economics suggesting that when a home market is vacated, there will be more competition than when an overseas market is vacated. Indeed, under any reasonable assumptions about economic behaviour, VIEs, like VERs, will result in less competition and higher prices. Whether Republican (VERs) or Democratic (VIEs), managed trade is an assault on the international economic system as we know it.

Gary R Saxonhouse,
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Trendy attitude of young Japanese is 'laziness'

From Mr Eiichiro Tokumoto.

Sir, As a 29-year-old Japanese salaryman currently staying in London, I read with great interest the feature on the changing work ethic in my home country ("More than the job's worth", October 16).

I welcome that Japanese businessmen now feel there is more to life – such as sense of achievement and satisfaction – than honourable sacrifice in the service of a big-name company. But not all of them could be labelled "corporate slaves". Some were "corporate fighters" who sincerely and voluntarily did their best to make their family, company and eventually country happier. I thank them and am proud of their hard work in the past 45 years which reconstructed war-devastated Japan, with few natural resources, as a major economic power.

I share the concern of Mr Kusamitsu, of Tokyo University, that Japan's corporate strength, partly built on the devotion of my father's generation, might be weakened due to the new work ethic. What irritates me is that, recently, it seems trendy among the younger generation in Japan to have less aspiration for a career and more inclination for hobbies. Some even say hard work is out of fashion now.

This does not, as they claim, have anything to do with creativity or fairness: it is just laziness. They should not have less ambition for a job at a time of deep recession, but should aspire more to worthwhile jobs, to which they can show commitment.

Eiichiro Tokumoto,
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Inevitability of pit closures and tax rises on oil and gas

From Mr James S Cobbett.

Sir, In a letter published in the FT on March 31 I bemoaned the unequal treatment given to oil and gas exploration and production and the coal industry. At that time, in order to appease public opposition to pit closures, £400m of taxpayers' money had been given to British Coal, in a move said to "provide dramatic opportunities", while taxes on North Sea production were being increased to prevent "subsidising sub-optimal investment".

How inevitable, six months later, that government sources are now suggesting that not one of the pits at risk may be saved.

How equally inevitable that increased taxes on oil and gas, albeit to consumers, are now being mooted to help the government out its present difficulties, which continue to be made worse by throwing cash down holes in the ground with no economically recoverable coal in them.

Plus ça change.

James S Cobbett,
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BT should not be allowed to carry entertainment

From Mr E P O Mercer.

Sir, I can but applaud the stance taken in your leader, "Multi-media superhighways" (October 15), prompted by the proposed merger of TCI and Bell Atlantic. I only wish that your newspaper applied the same principles to its analysis of UK telecommunications competition. If you did, I submit you would not have voiced support in the past for BT being able to carry Video-on-Demand (VOD) services. That is the UK equivalent of permitting the US Baby-Bells to link up with cable companies operating in their own area, which you rightly say would not lead to increased competition.

We are not in the US position of having two sets of strong local providers, each migrating into the other's business. Allowing BT to provide VOD is the equivalent of a Baby-Bell acquiring the cable systems in its own backyard. You would allow it the chance to use its power to dominate vision distribution as well as voice, and enhance its ability to prevent alternative networks from being built.

If one wants to encourage (or at least not discourage) competition in the provision of local loop services in the UK, I suggest that one has to restrict BT from carrying all entertainment services until the second networks provided by cable operators have grown to a sufficient strength and size.

It was thought the government had realised this and that the policy in its 1991 white paper was to prevent BT from conveying entertainment services and providing them until at the least 1998 and 2001 respectively. The effect of permitting VOD services to be provided by means of the BT main network, outside the framework in which the delivery of other entertainment services is regulated, cannot be helpful for the eventual goal of creating voice/vision competition in the local loop for the ultimate benefit of business and residential customers in the UK.

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Charge cards also cost dear

From Dr Bimal Prodhan.

Sir, Your report, "Paying with cash costs UK consumers £800m a year" (October 18), should have read "paying with cash costs UK banking sector (not UK consumers) dearly". Any notion of cost is the difference between two alternatives, here being the use of cards instead of cash. Paying with cards would be beneficial to the banks by increasing annual membership income, charging retailers 4 per cent or more on sales revenues (ultimately paid by consumers), and tempting consumers to spend more by getting into debt. Perhaps there ought to be a study of how much charge cards cost UK consumers every year.

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Friday October 22 1993

Bundesbank surprises

THE BUNDESBANK loves surprises. Virtually nobody expected yesterday's cuts of half a percentage point in the discount and Lombard rates, to 5.75 and 6.25 per cent, respectively. But most will welcome them, not merely in countries whose currencies are shadowing the D-Mark or, like the Dutch guilder, closely tied to it, but further afield. Mr Kenneth Clarke can now lower UK interest rates with greater equanimity.

The easing of German monetary policy since the summer of 1992 has been substantial: the discount rate has fallen by 3 percentage points, 2½ percentage points in 1993 alone. These latest reductions, which will presumably be followed by money market rates, also mean that the Bundesbank is no longer just following the long-term rate of interest down: the redemption yield on a 10-year government bond is at the low level, by historical standards, of just under 6 per cent, but the discount rate is below the bond rate, for the first time since early 1992.

Justifying the latest cuts, the Bundesbank's president, Mr Hans Tietmeyer, cited the stabilisation in the growth of broad money (M3) at only half a percentage point above the Bundesbank's ceiling of 6½ per cent. He also noted that the rise in the consumer price index has been running at an annualised rate of 2.4 per cent over the latest three months. In addition, the D-Mark has been strengthening since early summer, against other European currencies and also against the US dollar.

The Bundesbank is still casting a wary eye on wage settlements and fiscal policy, but further reductions in interest rates are virtually certain. The disinflationary pressure in the German economy is substantial, with gross domestic product and industrial production now "bumping along the bottom". Meanwhile, recessionary conditions in Germany's main markets, the contractionary fiscal policy and the structural problems of German industry all mean that there is little, except monetary policy, to facilitate recovery. Short-term rates of interest may have quite a way to go.

Since stability remains the Bundesbank's watchword, the cuts will be cautious. But the monetary restraint in its major partners should continue to ease, even if too slowly to restore the old ERM. The Bundesbank's behaviour this year strongly suggests that dissolution of that system was an objective in its own right. The cuts since August could have been justified earlier, if the Bundesbank had wanted to do so.

Short-term real rates of interest in the European Community are at least moving towards levels at which recovery is conceivable. Even so, for countries like France they remain disturbingly high. They will continue to do so if these countries keep their currencies as close as possible to the D-Mark. Partly for this reason, recovery in the EC economy is likely to be slow and weak. That will be painful, even politically dangerous. But, with existing policies, it is also inevitable.

Managing health

PLANS ANNOUNCED yesterday to slim down the management of the National Health Service in England should be seen as a tidying up of unfinished business rather than a further radical upheaval. Bureaucracy which has become unnecessary and wasteful following the government's health reforms of 1991 will be swept away. But the reorganisation of the NHS management structure leaves unresolved the problems of accountability of those who spend the enormous health budget.

Certainly few will mourn the passing of the 14 regional health authorities, to be abolished as soon as legislative time can be found. The RHAs are a hangover from the command structure necessary to administer the health service before the 1991 reforms. In the new internal market, decisions over the purchase of health services are devolved, largely to district health authorities. The hospitals and community health services which provide treatment are increasingly managed by independent trusts. A regional tier of management can only attempt to second-guess the decisions of these purchasers and providers.

Welcome too is the decision to encourage mergers between the district health authorities and the family health service authorities which administer the family doctor service. In the health service of the future, the distinction between the primary care currently provided by family doctors and the secondary care provided by hospitals will become increasingly irrelevant as more and more treatment is offered at local health centres. The new integrated purchasing bodies will be better able to assess local health needs and buy the most appropriate mix of services to meet those needs.

However, it is regrettable that Mrs Virginia Bottomley, the health secretary, has set her face against turning the NHS into an executive agency. Agency status would encourage a closer focus on managing the health service, with clear business targets and less interference from Whitehall. The reason Mrs Bottomley gives is that an agency would reduce parliamentary and public accountability. This is a strange argument to offer when the government has already created more than 80 agencies, all the while denying any loss of accountability.

It is also rich coming from a government which refuses to address the problem of local accountability in the new decentralised NHS. The merged purchasing authorities will between them dispose of a budget of almost £30bn, more than half the amount spent by English local authorities. Yet their boards are made up of Whitehall appointees, with no direct accountability to the communities they serve. At the very least, they should be required to work closely with elected local authorities and to consult them on priorities. It would be better, however, if some of their board members were elected, either directly or indirectly through nomination of local authority councillors.

Bosnia still

ON AUGUST 2 the North Atlantic Council announced that it regarded "the dire humanitarian situation in Bosnia-Herzegovina and particularly in Sarajevo" as unacceptable. It decided "to make immediate preparations for undertaking, in the event that the strangulation of Sarajevo and other areas continues ... stronger measures including air strikes against those responsible".

Eleven weeks have passed, and the FT's correspondent reports (in Wednesday's paper): "Bombarding the city with artillery and mortars as well as targeting civilian areas with anti-aircraft guns, Serb chieftains, bolstered by their Croat counterparts and western indifference, are killing whatever spirit remains in the Bosnian capital." Sarajevo is still under siege. Most of its inhabitants are getting half or less of the 600 grammes of food which the UN regards as minimum daily rations. There is no gas, electricity or running water, and most families have already burnt their domestic furniture. Cold is expected to be the biggest killer this winter, yet by last week supplies of plastic sheeting and other materials for shelter had not begun to arrive. In other supposedly UN-protected "safe areas" the situation is even worse.

If this is not "strangulation" it is hard to imagine what would be. Yet Nato defence ministers have just been meeting, not to authorise air strikes but to discuss agreements with former Warsaw Pact members who look (one wonders why) to the alliance for protection.

They did find time to agree to stop blaming each other for their failure to end the war in Bosnia, and the US defence secretary promised a "substantial" contribution to a Nato force that would be deployed there if a peace agreement is reached. Few of his colleagues believe Congress would authorise such a deployment, after the Somalia débâcle, but then none of them any longer believes peace will be reached before the winter.

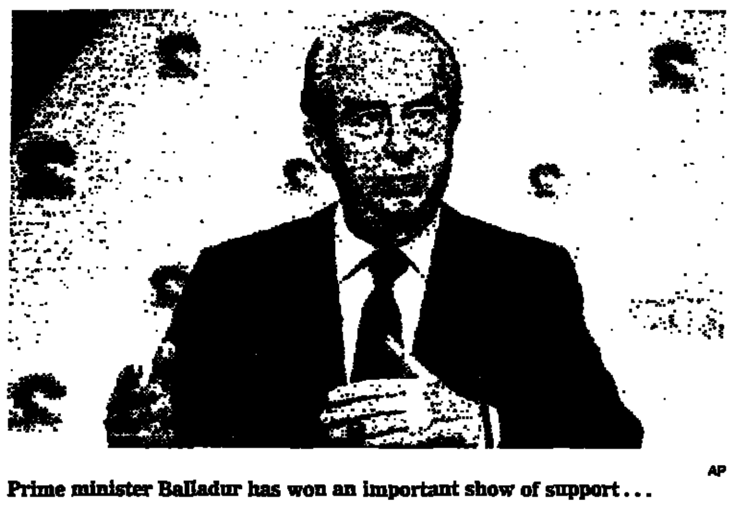
More to the point was his offer of increased air drops of humanitarian aid. The priority now must be to help the inhabitants of Sarajevo and other enclaves to survive. But air drops will not be enough. What is required is an air*lift*. In 1948-49 over 2m tons of aid were flown in to Berlin in 10½ months. The blockade of Sarajevo has lasted longer, yet just over 60,000 tons have arrived so far.

The difference lies in the availability of supplies, of transport capacity and of secure airfields. All three depend on the political will of western governments. They have the food, they have the aircraft and they have the capacity to strike back if the Serbs or anyone else attempts to shoot those aircraft down. Similarly, the smaller enclaves can and should be relieved by road, if UN troops are ordered to force their way through roadblocks, as Security Council resolutions already authorise them to do.

It may be too late to save Bosnia. It is not too late – but it soon will be – to save thousands of individual Bosnians.

A tall order to avoid the traps

David Buchan says Gatt as well as domestic economic policies could determine the race to the Elysée Palace



Prime minister Balladur has won an important show of support ... AP

... from rival Jacques Chirac AP

If Prime Minister Edouard Balladur pulls off a deal in the stalled General Agreement on Tariffs and Trade negotiations that includes at least some concessions for France, then he will probably want – and feel he deserves – to be the country's next president.

That is a tall order. Such a compromise would require placating all but the most die-hard of French farmers and appeasing the cultural nationalists in his own RPR Gaullist party. It would also mightily relieve the all-too-silent majority of French industrialists and bankers who want wider markets for their high-tech products and services, and would ward off a European crisis that would deeply upset his centre-right UDF coalition partner.

He also faces other potential pitfalls. His chances of winning the presidency, if he decides to respond to pressure from his supporters to stand, would depend on pulling France out of recession and formulating a European policy that can fill a vacuum left by the summer's foreign exchange upheaval.

Success on Gatt, however, would be an historic step with a conservative government opening France to the world economy, just as 10 years ago its socialists leaders decided that France should sign up to the process that led to the European Community's single market.

Failure of the Uruguay Round on trade liberalisation, if pinned on France would, besides damaging world trade, provoke a European political crisis,and almost certainly another European monetary crisis that would destroy France's hopes of breathing life into the newly-ratified Maastricht treaty.

"Gatt is a trap for France," says Mr Balladur bluntly, though without admitting that it is largely a trap of his and previous governments' making. For France to sign a Gatt accord on present terms would be seen as "a shameful compromise". Equally, its failure to sign would be seen as "dangerously isolating" the country.

So far, Mr Balladur has focused on ensuring that he himself is not dangerously isolated. This was why he devoted Monday and Tuesday to explaining his position on Gatt to a stream of leaders of France's political, business, union, farming, showbusiness, even academic worlds.

This very public show of consultation to defuse the threat of a crisis was very much in the style that Mr Balladur learnt when he was prime minister Georges Pompidou's minister in charge of industrial relations in May 1968. But Mr Balladur's public consultation had other aims. He won public pledges of support, most importantly from the leader of his own RPR party, Mr Jacques Chirac, who looks certain to be a candidate in 1995's presidential elections. But the exercise was also a chance to impress upon France's movers and shakers the need for some compromise on Gatt.

One man needed no convincing of that. Mr Brice Lalonde, leader of *Génération Ecologie*, one faction of the Green movement, has proclaimed his readiness to campaign in favour of Gatt.

Yet Mr Lalonde, who lost heavily in the March parliamentary elections, hardly counts. Nor, in this context, does European Commission president Jacques Delors' recent warning that France is in danger of building itself a "Maginot line" against Gatt, with about as much utility as that second world war defence. Most French regard Mr Delors as too implicated in the despised "Blair House" accord on farm trade which the Commission negotiated with the US.

But there are other signs of cracks in France's anti-Gatt consensus that will be useful to Mr Balladur's search for compromise. Not only are some media commentators beginning to question the wisdom of France going it alone on the Gatt; but this week an important fissure appeared in the staunchly anti-Gatt agriculture lobby. The head of France's wine and cognac exporters said "a Gatt failure would be a catastrophe" for his members who last year boosted the country's trade surplus by FFr29bn. French wine exports – largely unsubsidised and thus unaffected by Blair House constraints – have been hit by US retaliatory duties in the past, and might be again if Washington took a Gatt failure out on France. For its part, the French *Patronat* employers' federation reminded the country this week that industry and services, which stand to benefit from a Gatt deal, provide more than 90 per cent of French jobs.

In contrast to his open airing of France's Gatt dilemma, Mr Balladur has stifled debate on domestic monetary policy, which is as much a trap for him as the Gatt. On the one hand, he knows that to let the franc slide sharply against the D-Mark would be to throw away the hard-won credibility France has earned in the eyes, if not of the markets, at least of Germany. The strategy of putting every "letter" of the Maastricht treaty into effect, hoping that one day its "spirit" will return, depends, Mr Balladur gauges, on pretending that the European exchange rate mechanism lives on in shadow form, at least for France. On the other hand, a drop in interest rates would guarantee a French recovery in 1994, which for the moment is only made likely by the government's cautious fiscal policy.

Mr Balladur is still living with his serious mistake in underestimating the depth of France's recession, and in cutting spending and raising taxes on arriving in power in April. This week the government revised its forecast of this year's contraction in the economy from 0.8 per cent to 1 per cent. Yet, an expansionary budget for 1994 would not have sat well with France's commitment to working out a joint economic convergence programme with Germany – to be presented for public relations purposes at next week's EC summit in Brussels. The 1994 budget will take the first steps towards shifting welfare charges off company payrolls and on to general taxation. Long term, this will reduce the cost of French labour, which should price itself back into the market. But unemployment will probably go on rising into 1994.

For the moment, Mr Balladur's popularity, though declining from record levels, is still greater than that of his policies. A large part of the population still gives him the benefit of the doubt. In spite of much moaning in private, the *Patronat* this week backed the "measured policy of the government moving towards short-term interest rates of 5-6 per cent", an expression of hope made more realistic by the Bundesbank's decision yesterday to cut rates.

Mr Balladur's privatisation programme has helped stoke unrest not only in Air France, where bitterly contested layoffs are necessary if the carrier is ever to be fit for sale, but also indirectly in France Telecom and the post office which are not on the list of state assets to be sold, but whose staff fear their utilities will one day be put on the auction block too. But private investors outnumber public sector workers. Judging by the low price set for shares in the sale of Banque Nationale de Paris, privatisation is being conducted so as to put a tidy profit in investors' pockets. That should make them happy to vote for Mr Balladur in 1995, if he wants to run for the presidency.

It is hard to see Mr Balladur resisting the lure of the Elysée – but not because he has any real difficulty with its present incumbent. He gets on well with President Mitterrand. Too well, some inside the ruling majority would argue, pointing out that he has let Mr Mitterrand hamper government attempts to reform school finances and asylum procedures, as well as the resumption of nuclear weapon testing. But the opinion poll evidence is conclusive that most French people give Mr Balladur more credit for falling in with Mr Mitterrand than to Mr Chirac for falling out with the president when the RPR leader was prime minister in the mid-1980s.

Equally striking is the poll evidence that Mr Balladur would, at the moment, beat any candidate for the Elysée in 1995, when Mr Mitterrand's term expires. In spite of consolidating his hold on the depleted Socialist party at its congress this weekend, Mr Michel Rocard is likely to pose little challenge to either Mr Chirac or even to ex-President Valery Giscard d'Estaing, leader of the UDF. But opinion surveys show that both of the latter could be trumped by a wild card candidacy by Mr Delors, a centrist socialist.

For the moment, Mr Balladur eschews publicly any presidential ambitions. Nor has Mr Chirac formally declared his hand. The only visible tension between the two men is over their disagreement over the timing of the "real turning point" in French politics; Mr Balladur claims it came with March's elections, Mr Chirac says it will not arrive until 1995.

But the issues facing France may soon make the present truce untenable. For, Mr Chirac is closer to the farm lobby on Gatt, more sceptical on Europe, and more inclined to an expansionary economic policy than Mr Balladur. Failure by Mr Balladur to finesse Gatt, to orchestrate interest rate cuts and to bring the jobless rate down next year, would flush Mr Chirac out into open rivalry.

The dangers of capital mobility

PERSONAL VIEW

The liberalisation of capital controls throughout the industrialised world is often seen solely as an advantage. However, all-out capital mobility is very far from being an unalloyed virtue.

Explosive growth in international financial transactions has added sizeably to the risk of economic instability. Aided by modern technology and growth in areas like derivatives, these transactions have increased so much in speed, scope and complexity that they vastly exceed the level of international trade in goods and services.

Untrammeled capital movements have been an important factor behind the two crises in the exchange rate mechanism in September 1992 and July-August 1993. More generally, they can give rise to a dangerous political vacuum.

It is no exaggeration to speak of an abdication of democracies in the face of anonymous, uncontrolled market forces. As Thomas Jefferson said, banks can be more dangerous than standing armies.

Governments and central banks have a duty to respond to this challenge. The Maastricht treaty allows countries facing currency disturbances to re-introduce capital controls as a last resort. Such purely national measures are unlikely to be effective. However, governments should give thought to the idea of harmonised international controls to curb the activities of large-scale "players" on the markets.

Introducing EC-wide minimum reserves on banks' deposits or borrowings – a system already in force in Germany – would help control the process of money creation which often leads to speculative excess. Such a scheme could possibly be extended to other institutions.

Additionally, a tax on speculative currency movements, suggested recently by several international economists, could have a stabilising effect. The advantages far outweigh the technical difficulties and perceived negative side-effects.

Such a move would make speculators think twice before attacking defensive walls erected by central banks and elected governments.

These measures could not be effective, however, if individual countries allow their financial institutions to evade national or community-wide restrictions by switching activities to "safe havens" and other off-shore centres.

One important reason for considering preventative measures of this sort is because, when crises arise, the authorities are invariably at a great disadvantage. Markets react almost instantaneously to events and perceptions. But official steps to counter financial operators' collective excesses require time for preparation and co-ordination.

Governments should consider harmonised international controls to curb large-scale 'players'

Attempts to pre-empt monetary unrest through international co-operation – above all, stability-orientated economic policies, and improved financial supervision – must be given priority.

I support restoration of the previous narrow exchange rate mechanism bands, as well as, in due time, the return to the ERM of Britain and Italy.

However, we need to understand that, with the August crisis, a fundamental change has taken place. EC finance ministers have postponed indefinitely any return to the narrow bands, while Britain, in particular, looks unlikely to rejoin the ERM for the foreseeable future. The vision of passing to a single currency before the end of the century has been replaced by the much more sober notion of trying to make the new flexible ERM work in a manner which buttresses non-inflationary growth.

The ERM will still need protection from speculative attacks. To maintain realistic central rates, we need a somewhat modified application of the so-called Basle/Nyborg rules agreed in 1987. The main methods for maintaining currency stability should be intervention and interest rate measures, with the possibility of realignments held in reserve as a last resort – for the period after narrow bands have been re-established.

Whether or not we one day have economic and monetary union, Europe, and the rest of the world, needs more monetary harmonisation. But governments must also assemble measures to steer the financial community away from anarchy. Such moves are in the best interests of all nations and, ultimately, of market participants. They are essential if we are to rebuild the economic confidence so badly bruised during the past year.

Wilhelm Nölling

The author, who was a member of the Bundesbank council and president of the Hamburg Landeszentralbank between 1982 and 1992, now teaches monetary and international economics at Hamburg university. He is the author of Monetary Policy in Europe after Maastricht *(Macmillan, London, St. Martin's Press, New York)*

OBSERVER

Alms and the man

■ Acts of God having played a fairly significant part in the dismal saga of Lloyd's, it is appropriate enough that a brush with the monastic life seems to be becoming an accepted form of management training for exposure to the insurance market.

Lloyd's chief executive Peter Middleton came to the market with no knowledge of insurance, but was equipped no doubt with a certain discipline garnered from his oft-remarked four years with a French monastic order in Devon.

But among the new vehicles revving on the starting pads after the membership of Lloyd's insurance market voted in their favour on Wednesday evening is Corporate Membership, whose managing director, Anthony Hamilton, spent a summer considering donning the habit at a Franciscan monastery at Cerne Abbas in Dorset. Middleton admits to not having been a very good monk; Hamilton says he was after "broader horizons".

The latter went on to study comparative religion at Edinburgh University, somehow convincing the Ministry of Defence to sponsor the endeavour. "If you want to understand military strategy, the Old Testament is as good a starting point as any," says Hamilton, who spent 10 years in the Grenadier Guards before setting up inmanagement consultancy.

From there it was but a short step to Number One Lime Street. A Name for many years, but not one reduced to sack cloth, having cut back his exposure in the mid-1980s just when the allure of earthly riches seemed brightest, Hamilton is now taking his begging bowl around personal contacts in his endeavour to raise £20m in share capital for his latest venture.

Don't be vague

■ Chris Greig, managing director of Scotch whisky producer Invergordon, remains cagey about the future now that his company has been all but swallowed up by Whyte & Mackay. Yesterday worth £12.6m, at least on paper, Greig may decide to put his feet up and devote more time to farm management. But should he tire of such diversions, the 59-year-old may wish to contemplate the exciting post-retirement life of a former boss.

After gaining his PhD in chemistry from the University of London, Greig's first job was in the research and development division of The Distillers Company working for – Magnus Pyke. The mad scientist whose desperate handwaving earned him the sobriquet of the human windmill was between 1955 and 1973 in the more sober employ of the Glenochil Research Station in Clackmannanshire. It was not until turning 67 that the retired food scientist won the Pye award for the best newcomer to television.

'I see a day when there'll be fewer miners than wise men'

Forked tongue

■ Inhabitants of Sarajevo are unlikely to mourn the departure of Brigadier Vere Hayes, UN chief of staff in Bosnia, who became famous in August for his pro-Serb and anti-Moslem utterances.

But what will they make of his successor, Brigadier Angus Ramsay? A visitor to UN headquarters, who ventured a degree of sympathy for the Bosnian government's position, was astonished to find himself buttonholed by the brigadier and subjected to a passionate diatribe to the effect that the newcomer could not possibly understand these people, whereas Ramsay did, and he knew they had been killing each other for centuries.

Ramsay explained that he grew up in Belgrade, where his father was a diplomat, and, in the words of the startled witness, "ranted on in Serbo-Croat to prove it".

Slipping

■ The Confederation of British Industry thinks the Accounting Standards Board is acting too quickly in churning out new financial reporting standards, but its own criticisms demonstrate anything but nimble footwork.

The arguments might have had a point two years ago, but the ASB has already changed its ways to extend consultation periods and experiment before making its standards mandatory, just as the CBI appears to want.

Anyway, the rival Hundred Group of leading finance directors somewhat stole the CBI's thunder several months ago in calling for greater co-ordination and phasing of publications. An "overload group" has already been established that embraces all the different standard-setting bodies.

Moreover, the CBI is suffering considerable memory lapse. It attacks the ASB for producing so many standards, yet three years ago it was calling for the body to tackle many of these very topics.

Fall out

■ Tough times in Switzerland, where the government's austerity programme is cutting to the quick, namely into its citizens' nuclear fallout shelter building allowance. Through the 1980s, subsidies ran on average at over SFr100m a year, though they dropped back to SFr90m last year.

The government is not prepared to admit that the need for such shelters has abated. Rather, it justifies the cutback to a maximum of SFr40m a year with the observation that shelters now exist for 80 per cent of the "permanent resident population". Something to think about when planning your next trip to the Alps.

To a turn

■ If all the recent brouhaha about the Kuwait Investment Office, or the role of Kuwait Petroleum Corporation in the purchase of BP shares, gave anyone the impression that books were being cooked somewhere, the National Bank of Kuwait appears to have confirmed their worst fears. In its latest quarterly bulletin is a new section entitled "Baking and Finance".

FINANCIAL TIMES
Friday October 22 1993

Bland lead the bland as Commonwealth meets

Michael Holman in Limassol on the leaders' conference

WITH all the pomp and ceremony of the Eurovision song contest, the Commonwealth conference got under way yesterday.

Proceedings at Nicosia's international conference centre were occasionally enlivened.

Australia's Paul Keating had a go at the French over the General Agreement on Tariffs and Trade, Malaysia's Mahathir Mohamad again complained about the west's handling of Bosnia. But for the most part, the bland led the bland, with milestones marked and friendships forged.

There may after all be something to be said for a gathering of world leaders in which the highlight promised to be an exposition by Mr John Major, Britain's prime minister, of his views on trade negotiations.

He is due to take the stage for his star turn at a closed session this afternoon in Limassol.

The prospect may have unsettled many delegates, but if the youngest of the 35 heads of government on the platform had any fears about the ordeal ahead, he did not show it.

But one would expect nothing less from a soldier.

All the same, exposure to the rigours of a Commonwealth conference must have made His Excellency Captain Valentine Strasser, the title accorded him in the official conference handbook, rue the day he staged a coup in Sierra Leone.

The 27-year-old dictator who seized power last year has already come under savage attack in the Commonwealth's annual report: his coup was a "serious setback" to democracy.

The conventions of the Commonwealth mean that neither Capt Strasser nor his country were mentioned by name, but it is the club's way of warning a member that he could be blackballed if he behaved *really* badly.

Then Capt Strasser had to endure a moving opening session which must have tested the tolerance of the most hardened democrat on the flag-bedecked platform in Nicosia's conference centre.

Lights dimmed and spotlights focused on a childrens' choir singing the Beatles' "Give Peace a Chance", with a solo from a George Michael look-alike. Capt Strasser has promised an early return to democracy.

But moving though it was, something was missing.

It was supposed to be a day for looking forward, giving the Commonwealth a cutting edge. Instead it became a day for nostalgia.

Familiar faces were missing. Dr Hastings Banda, Malawi's nonagenarian life president, is in South Africa recovering from brain surgery.

Since then, Zambia's Kenneth Kaunda has had democracy thrust upon him and lost his presidency.

"I also miss Lee Kuan Yew, I miss Julius Nyerere . . . (long pause) I even miss Margaret Thatcher," said a senior Commonwealth official wistfully.

And delegates recalling past acrimonious rows that gave so much pleasure may well get round to another admission: they also miss apartheid.

Focus on Gatt and rights, Page 5

Moscow review may force bank closures

By Leyla Boulton in Moscow

DOZENS of Russian commercial banks could soon be closed down or restructured as a result of a sweeping review being undertaken by the central bank, the country's new banking supervision chief said yesterday.

Mr Dmitry Tulin, deputy governor of the central bank, said the 22 troubled Moscow commercial banks whose operations with the central bank were suspended two weeks ago, were just a small part of a nationwide problem. The central bank stopped refinancing them after they exceeded its five-day overdraft limit.

"That number of 22 may increase enormously after the analysis we are going to conduct," Mr Tulin said, speaking a week after assuming the supervision job in addition to his responsibility for foreign exchange operations and domestic securities.

Mr Tulin plans to focus on banks whose overdrafts with the central bank are due to "serious financial problems", as opposed to fraud by clients or Russia's inefficient payments system.

Such banks would either be bailed out, offered to bigger institutions or, for the first time in Russia's post-Communist history, closed down. "The withdrawal of licences and liquidation are very new to us, so we'll have to cross a minefield of hidden problems on this road."

Mr Tulin plans to examine the first bank failure today. He describes the case as typical, with the bank's founders having borrowed Rbs4bn from the central bank, converted it into $4m, sent it to "an exotic offshore location" and then disappeared.

There are almost 2,000 banks in Russia's banking sector, but 100 of them account for two-thirds of all banking business.

Restructuring has so far been delayed as a result of lax monetary policy, which has been tighter since the suppression of the parliamentary rebellion, and by the difficulties of supervising a sector open to fraud and crime.

A first step towards restructuring was taken from July 1, when a minimum capital requirement of Rbs100m came into force. But even after banks had been given six months' notice to comply, 807 institutions still did not meet the minimum requirement.

THE LEX COLUMN

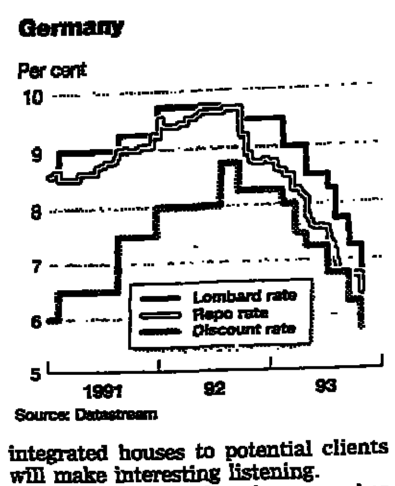
Tietmeyer makes his mark

It is tempting, amid the surprise surrounding yesterday's Bundesbank rate cut, to conclude that something fundamental has changed with the installation of Mr Hans Tietmeyer as president. To do so might be a mistake. The discount rate cut was both large and unexpected, but the money market repurchase rate is being cut by a mere 27 basis points. That suggests a shift in style rather than substance – and a wait before the bank is again moved to cut official lending rates.

Considering the cogent way in which Mr Tietmeyer explained the decision – money supply under control, third quarter output flat and inflation looking good in the last three months – it is curious that so few pundits had forecast a cut. One explanation is that Mr Tietmeyer was trying to earn the markets' respect by surprising them. In this regard he looks more a man of the world than his predecessor. He may also be more inclined to take the exchange market into account.

It is not just the pressing doubts about France's ability to hold out without rate cuts. The Bundesbank cannot be indifferent to pressures on the Belgian franc, given Luxembourg's threat to sever its connection with that currency. This would complicate matters for Germany, which has a large banking presence in the Grand Duchy. Finally, a little encouragement to other European countries to cut their interest rates might just help boost flagging demand for German exports. Mr Tietmeyer may be trying to offset recent D-Mark appreciation, but he needs support at home. It will be awkward if next week's inflation figure, at which even he can presently only guess, turns out disappointing.

FT-SE Index: 3188.3 (+32.0)



Invergordon

The deal between Fleming Investment Management and Whyte & Mackay may demonstrate that Chinese walls can operate effectively, but Invergordon's management will not draw much comfort from that. Having fought off a bid from Whyte two years ago with the aid of Robert Fleming merchant bank, Invergordon was always at risk. But for the company's independence to be carried off by a combination of the oversupply in the whisky market and the investment performance demands of one of Robert Fleming's close associates is a hard fate. Presumably it is also mildly embarrassing for Fleming, and any future explanations of the benefits of integrated houses to potential clients will make interesting listening.

Still, for all that, the takeover makes sense. Invergordon's strength in whisky distilling and own label scotch naturally complement Whyte and Mackay's mid-market brands and bottling capacity. Since Invergordon is a fairly spare organisation and there is little overlap between the two companies, rationalisation benefits will be small. But the two combined should be able to manage a more effective marketing effort than either singly. Whyte has also timed its intervention well. Over time Invergordon should prove good value to Whyte, provided it manages its acquisition well. Given that the bid is effectively decided, it would be in the interests of the business for Invergordon's directors to use whatever influence they have left to bring the agony to an end quickly.

Unit trusts

The humble unit trust has long been due an overhaul. The complex system of bid and offer pricing does not encourage public understanding and is a fundamental barrier to export. Rigid rules covering fee structures and investment strategy have put a block on innovation, notwithstanding the introduction of futures and options funds in 1991. Unsurprisingly, London has been losing out to easy-going financial centres such as Dublin and Luxembourg. The Securities and Investments Board deserves credit for trying to hurry the process of change.

The problem is that many of SIB's proposals carry a cost for unit trust managers. Single pricing would make it more difficult for them to make profits by holding units on their own account ready for resale. Charging investors when money is taken out of trusts – rather than front-end charging as the current rules demand – would squeeze managers' cash flow as business expands. Big managers usually cover their costs from annual fees and could stand this strain. Neither are they reliant on own-account profits to make ends meet. Smaller managers might feel the pinch.

The European Community directive on collective investments should encourage a sense of urgency. The introduction of continental style open-ended investment companies is not far off. These vehicles will surely have to carry a single price, making them saleable from Manchester to Madrid. Without reform the unit trust might look outmoded by comparison.

US airlines

The good news is that the US airline market appears to be bouncing back after incurring collective losses of more than $4bn last year. The fare wars which disfigured the market last summer have been abating: both American Airlines and Northwest Airlines have just reported rare third quarter profits. The bad news is that US airlines may still lose about $2bn this year. The market remains fragile. Even the few profitable airlines are making highly unsatisfactory returns.

Traffic has been recovering slowly – particularly on long haul flights – while airlines have continued to cut costs. Several carriers have also reduced capacity by retiring aircraft early, deferring deliveries and slimming down schedules. Low fuel prices have also helped. However, progress will be slow. There remains too much capacity in the market for this stage of the cycle. Several loss-making carriers, which should have expired, have emerged reinvigorated from Chapter 11. Meanwhile, Southwest Airlines is unsettling some bigger rivals by operating cut-price services. Continental, too, is now experimenting with this cheap and cheerless approach.

Sadly, USAir, in which British Airways has a significant investment, has not yet benefited from the upswing, incurring a $177.6m third quarter loss. USAir is heavily exposed to the volatile short haul market and has been squeezed by Southwest. For the moment BA is sanguine because it receives a fixed income on its preference shares. It remains a disconcerting trend nonetheless.

Balladur calls on Air France ground staff to end strike

By John Ridding in Paris

MR EDOUARD BALLADUR, the French prime minister, yesterday urged striking Air France employees to return to work as riot police moved to block protesting workers from runways at the two main airports in Paris.

Making his first comments on the strike which has crippled air travel to and from Paris for the past three days, he said the industrial action threatened serious damage to the national airline.

The strike also reflects a dilemma facing the French government, which wants loss-making public sector companies to be restructured but is anxious to avoid protests against large-scale job cuts and the country's rising unemployment rate.

Reflecting this delicate balance, Mr Balladur emphasised that Air France's austerity plan, which envisages 4,000 job cuts by the end of next year, would be implemented with a minimum of forced redundancies. However, he described the plan as vital for the survival of the airline which lost FFr3.8bn ($670m) in the first half of this year.

Mr Balladur expressed complete support for Mr Bernard Attali, the chairman of Air France, who announced the airline's restructuring plan last month. But he said he had asked Mr Bernard Boisson, the transport minister, to ensure that sacrifices demanded of Air France employees were shared equally.

As well as protesting against the job cuts, Air France ground staff are fighting reduced overtime payments. They say they are being treated more harshly than pilots and cabin staff. Mr Attali, who estimates that the strike is costing Air France about FFr70m per day, has said he is determined that the plan will be implemented without changes.

Air France was again forced to cancel hundreds of flights to and from Paris yesterday. Riot police managed to clear runways at Charles de Gaulle and Orly airports, but striking ground staff, blocked many of the roads to the airports for several hours. French television reports said several Air France workers had been hurt in clashes with riot police.

The protests are being spearheaded by two union federations, Force Ouvrière, and the leftwing Confédération Générale du Travail. The striking workers, who number several hundred, have closed runways and prevented passengers reaching the airport.

A spokesman for Aéroports de Paris, the French airports authority, said the likely situation today was unclear. He added that foreign airlines remained much less affected than Air France and flights continued to land yesterday at both Orly and Charles de Gaulle airports.

Thai telecom flotation

Continued from Page 1

Mr Veeravat Kanchanadul, TA vice-chairman, said the money raised would be used for telecommunications projects in Thailand, China and Indochina which would make the group a "world telecommunications giant".

TA recently raised $1.9bn in project financing for its $3.2bn contract to install 2m new telephone lines in Bangkok. Using its existing equity, the company does not need the new funds for the basic Bangkok project but will deploy them for what it calls "value-added" services, as well as for telecommunications projects elsewhere.

TA plans to take a stake in a satellite launch venture for China and to install 100,000 lines in Ho Chi Minh City, Vietnam, and at least 200,000 lines in China's Hubei province.

UK criticised over aid

Continued from Page 1

early as 1987 when a World Bank report concluded that Malaysia should concentrate entirely on gas-fired electricity generation until the turn of the century, all technical advice to the government pointed to the project being uneconomical.

In 1989, after price rises in the project cost, the latest of a series of economic appraisals by the Overseas Development Administration, which manages the UK aid programme, concluded the project would be "a very bad buy" and a burden on Malaysian consumers.

The report says: "The ODA found the project . . . would result in Malaysian consumers paying over £100m more for electricity over its 35 year life than if the money were invested in an alternative."

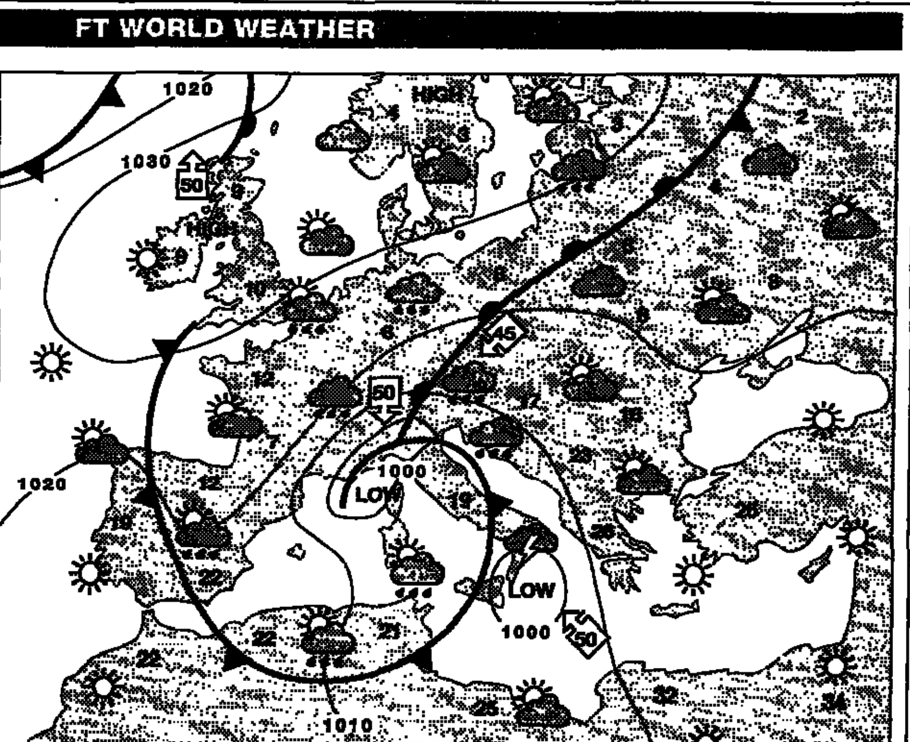
FT WORLD WEATHER

Europe today

High pressure will extend its influence from the British Isles to Scandinavia resulting in sunny and cool conditions. Norway will be mainly cloudy and Sweden will be sunny. A cold front associated with complex low pressure over northern Italy will produce heavy showers in the eastern Alps and southern Italy, where thunder is likely. The front will reach over northern Tunisia, Algeria and Spain causing thunder showers. The depression will mean strong breezes in central Europe, especially in the Rhone Valley where the wind will be near gale force. Portugal and western Spain will have sunny spells while south-eastern Europe will continue sunny and warm. Between the high pressure and the depression over the Alps, it will be mainly cloudy with outbreaks of rain.

Five-day forecast

The British Isles will remain under high pressure and should stay settled with sunny spells although some rain may arrive in the north on Saturday. High pressure over Scandinavia will move east, followed by low pressure bringing unsettled conditions. The heavy showers associated with the low pressure over the Alps will move slowly east, but Greece will continue mainly dry and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	fair	8	Cardiff	fair	10	Frankfurt	cloudy	7	Malta	thund	23	Rio	thund	23
	Celsius		Belgrade	fair	19	Chicago	sun	13	Geneva	thund	6	Manchester	fair	10	Riyadh	fair	34
Abu Dhabi	sun	37	Berlin	shower	8	Cologne	cloudy	8	Gibraltar	sun	22	Manila	cloudy	31	Rome	shower	19
Accra	cloudy	33	Bermuda	fair	27	D' Salaam	fair	27	Glasgow	fair	9	Melbourne	fair	15	S. Frsco	fair	23
Algiers	shower	20	Bogota	fair	19	Dakar	fair	30	Hamburg	shower	9	Mexico City	fair	25	Seoul	sun	20
Amsterdam	shower	10	Bombay	fair	33	Dallas	fair	22	Helsinki	sun	1	Miami	fair	30	Singapore	shower	31
Athens	fair	25	Brussels	cloudy	9	Delhi	sun	33	Hong Kong	fair	28	Milan	shower	13	Stockholm	fair	3
B. Aires	cloudy	23	Budapest	fair	17	Dubai	sun	35	Honolulu	fair	31	Montreal	fair	10	Strasbourg	fair	7
B.ham	cloudy	11	C.hagen	cloudy	9	Dublin	fair	9	Istanbul	sun	22	Moscow	cloudy	4	Sydney	fair	22
Bangkok	thund	33	Cairo	sun	34	Dubrovnik	cloudy	21	Jersey	fair	12	Munich	shower	5	Tangier	fair	22
Barcelona	sun	16	Cape Town	shower	23	Edinburgh	fair	10	Karachi	sun	39	Nairobi	fair	26	Tel Aviv	sun	33
Beijing	sun	22	Caracas	cloudy	30	Faro	sun	22	Kuwait	fair	36	Naples	shower	19	Tokyo	shower	20
									L. Angeles	sun	24	Nassau	thund	31	Toronto	fair	11
									Las Palmas	sun	24	New York	sun	16	Tunis	thund	20
									Lima	cloudy	21	Nice	thund	15	Vancouver	shower	14
									Lisbon	fair	19	Nicosia	sun	32	Venice	rain	16
									London	fair	12	Oslo	fair	4	Vienna	shower	11
									Lux.bourg	cloudy	5	Paris	shower	11	Warsaw	cloudy	8
									Lyon	shower	6	Perth	fair	23	Washington	fair	17
									Madeira	fair	22	Prague	shower	5	Wellington	cloudy	15
									Madrid	fair	17	Rangoon	cloudy	34	Winnipeg	sun	9
									Majorca	shower	17	Reykjavik	rain	7	Zurich	shower	5

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Market reacts to Dow Chemical

Shares in Dow Chemical, the US chemicals group, fell $3⅛ to $55¾ yesterday morning in spite of third-quarter earnings in line with predictions. One analyst said some investors were concerned by the company's large loss in Europe. Page 20

Argentaria details share offer

Argentaria, Spain's partially privatised state banking corporation, has given details of its second share issue, likely to inject more than $1bn (£671m) into the Spanish treasury. Page 18

Trauma in the skies

Mr Bernie Cahill, chairman of Aer Lingus, Ireland's troubled state-run airline, described the past year as the "most traumatic in its 57-year history" as he announced a pre-tax loss of I£190.7m ($276m) yesterday. Page 18

Strong growth for AT&T and MCI

American Telephone & Telegraph (AT&T) and MCI Communications, the US long-distance telecommunications companies, have reported double-digit growth in third-quarter earnings. Page 21

Nissan's Spanish steps

Nissan, the Japanese carmaker, wants to restructure its Spanish subsidiary, Nissan Motor Ibérica, and cut 16 per cent off the workforce over the next two years. Page 22

Bond rush in Hong Kong

Hong Kong companies are falling over themselves in the rush to issue convertible bonds to take advantage of low interest rates and a strong Hong Kong stock market. Page 23

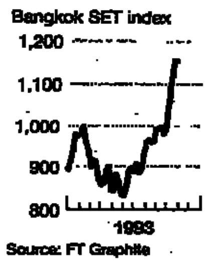
Albert Fisher cautious on outlook

Albert Fisher, the food processing and distribution group, was cautious when announcing its pre-tax profits of £31.5m for the year, compared with a restated £25.9m. Mr Stephen Walls, executive chairman, said: "The outcome for the current year will continue to be affected by the pace of economic recovery in our markets." Page 24

Under starter's orders

Epsom, home of the Derby, Kempton Park and Sandown Park were put up for sale by the Horserace Betting Levy Board. Estimates of their value range between £20m and £50m ($74.5m). Page 24

Wave of dollars bemuses Thais



Source: FT Graphite

Thailand's stock brokers are as bemused as anyone in Asia about the wave of foreign, notably US, money that has washed over the stock market since the end of September. The SET index climbed to a new all time high this week. Some are concerned the Thai market is acquiring some speculative froth. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Berliner Bank	425	+	20.5
Horten	228.5	+	8.5
IKB Deutsche	318	+	7.5
Linotype-Hell	336	+	18
Porsche	725	+	45
Falls			
Schering	1080	-	35

NEW YORK ($)

Rises			
Bankers Trust	79¾	+	⅞
Chemical Bank	41⅞	+	½
MCI	28⅝	+	½
Falls			
Amoco	56⅝	-	⅝
Dow Chemical	58¼	-	2⅛
Microsoft	78¼	-	2⅛

New York prices at 12:30.

PARIS (FFr)

Rises			
Bancaire Cie	538	+	19
Matra-Hachette	145	+	8.3
Peugeot	644	+	31
Spie Batignolles	372.5	+	14.5
UAP	660	+	29
Falls			
Coparex Int	570	-	118

TOKYO (Yen)

Rises			
Yaskawa Elec	480	+	15
Falls			
Aoyama Trading	8000	-	400
Ihara Chemical	751	-	24
M'Shita Refrig	856	-	37
Renown	635	-	19
Shokusan Jutku	617	-	34

LONDON (Pence)

Rises			
David Brown	223	+	22
Elect Data	635	+	65
Excalibur	28½	+	3
Havelock Eur	97	+	11
Lec Refrig	225	+	12
ML Labs	213	+	22
MR Data Magmt	194	+	11
Norbain Elec	273	+	22
Parkland Txt A	221	+	48
Property Partn	238	+	16
Rothmans B	521	+	24
Trafford Park	93	+	8
Waterman Partn	54	+	6
Wellcome	823	+	36½
Yorklyde	209	+	29
Falls			
AAF	44	-	5
Air London	68	-	7
Albert Fisher	75	-	5
Antofagasta	980	-	20
Essex Furn	149	-	6
Multitone	105	-	18
Telemetrix	170	-	18
Vickers	146	-	5
Waste Mangmnt	536	-	28

Salomon Bros barely breaks even

By Richard Waters in New York

SALOMON Brothers, Wall Street's most volatile investment bank, was out of favour with investors again yesterday after reporting that it had barely broken even in the third quarter. This result followed a big trading loss in the US.

The full scale of the loss was not disclosed, but it was large enough to wipe out trading profits made in Japan and Europe and lead to an overall pre-tax loss on proprietary (or own-account) trading of $173m.

The loss dragged down post-tax profits of Salomon Inc, the parent company, to $20m, or one cent a share, during the period. In the previous three months, it had recorded the highest ever earnings of a Wall Street firm, at $498m (before one-off charges.)

The news pushed Salomon's shares down $2⅞ to $44⅜, though they later recovered and were trading at $45⅛ by midday in New York.

Salomon said only that the trading loss was "incurred by the US arbitrage unit in previously established long-term strategies". The losses are not believed to have come from direct bets on European interest rates, which has been an active area for all investment banks in the past 18 months. However, the unit is thought to have anticipated a quicker alignment of European and American interest rates than has occurred.

Salomon refused to comment on persistent market rumours that it also lost money in US mortgage-backed securities, which failed to match the rally in US Treasury bonds during the summer.

The bank said the US trading loss arose from the need to revalue long-term trading positions at the end of each quarter, and does not reflect the true long-term results of the proprietary trading business.

During the previous three months it reported total income (net of interest expenses) of $523m on own-account trading, after a $303m loss in the first quarter of the year and revenues of $645m in the last three months of 1992. Pre-tax income from what the bank terms "client-related activities" – commission income, investment banking fees and trading related to customers' securities transactions – reached $192m, the second-highest level ever after the previous quarter.

Bankers Trust, Page 20

Debate on derivatives joined by Angell

By Laurie Morse in Chicago

MR Wayne Angell, a US Federal Reserve Board governor, has intensified the debate about the derivatives markets by declaring that he does not share the concern of some fellow board members about the futures markets.

"I consider derivatives simply a product of the free market system," he said in an interview with the Financial Times.

His view contrasts with those of other Fed board members – notably vice-chairman Mr David Mullins, who has said derivatives need to be more carefully regulated – and clash with those of the Bundesbank, the German central bank.

Mr Angell, who chairs the Basle committee on bank payment and settlement systems, said worries over the risks derivatives pose to the banking system could be alleviated by making global payment and settlement systems more responsive to the needs of the 24-hour markets.

Derivatives, like other financial instruments, carry payment risks that increase the longer the period is between a transaction and its settlement.

He said upgrades in the Fed wire system, which is used for payment transfers between US banks, will allow the system to operate on a real-time basis 16 hours a day beginning in April at most depository institutions.

Mr Angell's comments contrast with this week's warning from the Bundesbank that the growth of global derivatives markets could endanger the stability of the world financial system.

The Bundesbank in its latest monthly report argued that the rapid increase in the use of derivatives had led to an interlinking of the world's financial markets and made them "vulnerable to a crisis".

According to the Bundesbank, the notional amount of futures traded globally has reached $140,000bn annually while the notional outstanding swaps (contracts entered directly between banks) total around $4,500bn.

The US debate on derivatives is likely to widen next week, when the Commodity Futures Trading Commission, the chief regulator of US futures exchanges, delivers its study on derivatives to Congress.

Congress ordered the report when it reauthorised the agency a year ago, and gave it new powers on over-the-counter derivatives.

LVMH in Chinese link with Guinness

By Philip Rawstorne in London

LVMH, the French luxury goods and drinks group, yesterday reinforced its alliance with Guinness by forming a new joint venture operation in China.

The venture is the 16th to be established in international Scotch whisky and cognac markets since the two companies became partners in 1987. Another joint operation is expected to be announced shortly.

Speculation about the future relationship between the companies – and in particular their 24 per cent cross-shareholdings – has been rampant in recent weeks. Their performance has been hit by recession in many world markets and their share prices have been under pressure amid rumours that the alliance would be restructured.

However, Mr Tony Greener, Guinness chairman and chief executive, yesterday stressed: "This latest joint venture serves to reinforce our relationship with LVMH. The cross-shareholding supports our global network which has served both companies well for the past six years."

Riche Monde China, the new company formed by LVMH and United Distillers, the Guinness spirits division, has already recruited a sales staff of 60 and intends to increase the number of employees to over 150 by 1995.

Mr Greener, who has just returned from a visit to UD's operations in Asia, said: "China, with its population of 1.2bn, represents a huge opportunity for us in the long term. It is estimated that international brands account for only 1.4 per cent of the spirits market at present.

"But once the infrastructure is in place to deliver the product to the market, China could be a 20m case annual market for premium branded imported spirits by the next century."

Total UD Scotch sales in China are expected to be close to 1m bottles this year. Sales of Johnnie Walker Black Label, its de luxe Scotch brand, increased by 70 per cent in the first half.

LVMH's Hennessy cognac, the other best-selling spirits brand in the portfolio of the new company, is already established as market leader in its premium category.

Existing joint venture agreements between the two companies operate in Hong Kong, Japan, Malaysia, Singapore, Taiwan, Thailand, France, Ireland, the US and Mexico.

John Gapper explains banks' moves to securitise assets

Transatlantic lesson in passing on risks

Few predictions appear as safe as the notion that the European market in securitised assets is about to grow explosively, yet few have been proved wrong so many times. The gap between the enormous US market and the infant one across the Atlantic has grown wider with each false dawn.

Yet this time, the prediction could be right. The UK high street banks, with their huge capacity to generate assets such as mortgages and personal loans that can be securitised, may have detonated the explosion. "It is finally starting to move," says Mr Robin Monro-Davies, of IBCA, the European bank ratings agency.

There has been a flurry of milestone deals involving banks in the past few weeks. Barclays made a £280m issue backed by 10,000 personal loans and National Westminster has made a £300m mortgage-backed issue. Both these banks have publicly declared their interest in future securitisations.

These transactions have raised the prospect of the European asset-backed securities market both growing and spreading into more exotic areas, such as credit card receivables. There are $1,000bn of US mortgage-backed securities alone, while only $1.4bn were issued in Europe last year.

The market could subside again, as it did following issues by centralised mortgage lenders in the mid-1980s, under the housing market collapse. But the high street banks' involvement may mark a turning point because of their dual role as both issuers and investors. The banks have enormous power as issuers because they have ready access to huge asset pools. Once they have borne initial costs of securitisation, including legal fees and paying for ratings agencies to give their processing systems a seal of approval, they have a ready supply of useable assets.

Their reputation as large and safe institutions also means their issues set benchmarks for what has been a rather imponderable market. "Until these deals, nobody knew exactly how a quality institution could price a deal," says Mr Guy Fletcher, Barclays' head of asset securitisation.

On the other side, banks' willingness to invest in asset-backed securities provides demand. The Bank of England cleared a barrier at the end of last year when it said banks could hold mortgage-backed securities as assets with a 50 per cent weighting, absorbing less capital.

Securitisation has a number of attractions for banks:

● It allows them to devolve credit risks to investors. "One sacrifices an earnings stream, but the risk is reduced even more sharply," says Mr Richard Goeltz, NatWest's chief financial officer.

● By selling assets to the vehicle companies which issue bonds, banks can release the capital which they must hold against assets under regulatory guidelines. This means that they can both raise return on capital by "re-using" it and add assets without breaching capital adequacy limits.

● They can diversify their sources of funding. This could have particular attractions for building societies, which operate under strict limits on wholesale funding and face strong retail funding pressures.

● If the market expands, their investment banking arms may be able to securitise assets on behalf of client companies. This would form a parallel with the derivatives trading expertise which banks have started using both to hedge their risks and offer risk management services.

Given these attractions, why have banks been slow to move into securitisation? Mainly because it has been too expensive. Banks not only have to pay the legal costs of setting up vehicle companies, but must ensure that their securities attract investors.

One reason for the rapid growth of the US market is that the US government guaranteed the assets underlying the first mortgage-backed issues by agencies such as Freddie Mac and Fannie Mae. "There is no guarantee here, so credit risks have to be studied carefully by agencies and investors," says Mr Fletcher.

Asset-backed securities also face the difficulty that it is impossible to predict their exact maturity. Mortgages will be repaid at different speeds depending on interest rate movements, creating the "pre-payment risk" suffered by US investors.

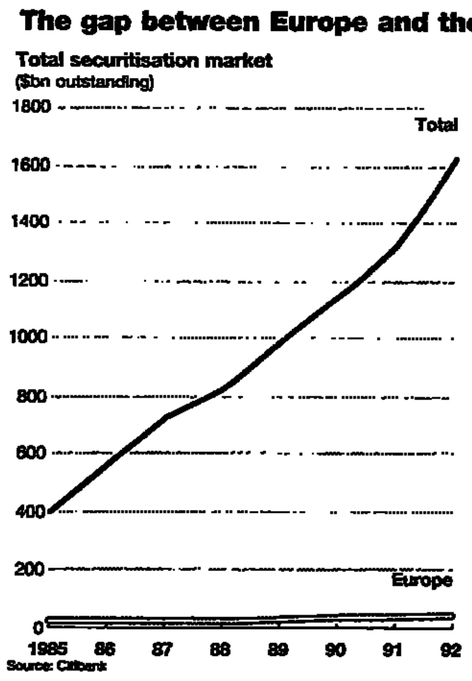
Banks thus have to offer an attractive margin – 20 and 40 basis points over Libor for the two main parts of NatWest's £300m issue. They also have to inject some extra capital to compensate for defaults by borrowers. NatWest injected an extra £3m "shortfall fund".

While the attractions now seem to outweigh the costs, the question remains of whether banks face unforeseen risks. Mr Robert Weir, treasurer of Household Mortgage Corporation, says the only threat is to their reputation.

"The bonds might be issued by something called Lombard, but everybody knows it is really NatWest," says Mr Weir. Any issue which had problems would thus affect NatWest's reputation. Yet it would not be able to use other capital to help investors because of the Chinese wall between it and the vehicle company.

For the moment, such theoretical risks appear distant in a market with such huge potential. Mr Goeltz thinks packaging assets for sale should be a routine technique for banks. "Securitisation is not witchcraft. It is a straightforward tool for managing assets and liabilities."

The gap between Europe and the US



Source: Citibank

Cumulative volumes to date in Europe to end 1992 ($m)

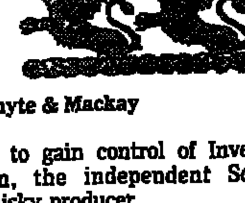
	Residential mortgages	Vehicle finance	Trade receivables	Total
UK	20,772	1,988	1,000	24,782
Germany	-	-	600	738
France	168	83	500	6,657
Italy	150	457	800	1,524
Spain	214	73		377
Sweden	952	-		952
Total	22,258	2,601	2,900	34,428

Source: Ratings Agencies, Market reports, Chemical Bank data

Whyte & Mackay wins bid to control Invergordon whisky

By Philip Rawstorne in London

WHYTE & MACKAY, the UK drinks subsidiary of American Brands, has won its two-year battle to gain control of Invergordon, the independent Scotch whisky producer.


Whyte & Mackay

Invergordon's fate was sealed by the decision of Fleming Investment Management (FIM) – after two weeks of haggling – to sell its 13.5 per cent stake for 300p a share. Analysts had expected FIM to hold out for more, but SG Warburg, FIM's financial adviser, considered 300p "a good price", according to Whyte & Mackay.

The deal, which values Invergordon at £382.4m ($570m), lifted Whyte & Mackay's holding to 54.7 per cent from the 41.2 per cent amassed during its unsuccessful bid in 1991.

The sale of the FIM stake triggered an unconditional final cash offer of 300p for the rest of the shares.

Invergordon's board, which is advised by Robert Fleming, part of the same group as FIM, said it was seeking discussions on certain issues – believed to include the future of the company's management and employees. It urged shareholders to take no action, and said: "This price fails to recognise the strategic value to Whyte & Mackay of Invergordon's business."

Mr Chris Greig, Invergordon's managing director, said the loss of independence was "a great disappointment". "I believe that Whyte & Mackay should have put a formal offer to the board so that the interests of all our shareholders could be taken into account."

Mr Greig, who led the group through a £93m management buy-out from Hawker Siddeley in 1988 to a £172m market flotation two years later, owns 3.3 per cent of the company, now worth about £12.6m. Other directors and employees hold 7.5 per cent.


Invergordon

Mr Michael Lunn, Whyte & Mackay's chairman and chief executive, said: "I would like an early meeting with Invergordon to see how we can work together to develop the complementary nature of the two businesses.

The combined companies will form the third largest Scotch producer. Invergordon will contribute its strength in own-label Scotch. This would be complemented by Whyte & Mackay's Scotch whiskies, as well as Vladivar vodka, and its bourbon and rum brands.

Lex, Page 16

Argentaria issues details of second share offering

By Tom Burns in Madrid

ARGENTARIA, Spain's partially privatised state banking corporation, said yesterday the subscription period for a second share issue of up to 25 per cent of its capital would commence on November 3.

The issue, which is likely to inject more than $1bn into the Spanish treasury, follows a domestic and international flotation of 24.9 per cent of Argentaria's capital last May.

Around 60 per cent of the Argentaria 2 shares will be offered on the domestic market, with a weighting towards small retailers, and the rest will be placed outside Spain among international institutions. The subscription period will last seven days and the price will be dictated both by the share trading during that week and by the book building process in which Morgan Stanley of the US will act as global co-ordinator.

Argentaria's international road shows will commence next week in London and the banking group will be seeking to fuel investor interest with impressive results that, at the third quarter stage of this year, have put Argentaria at the top of the domestic banking table in terms of net profit growth.

The group said its after-tax profits had totalled Pta61.3bn ($472m) at the end of September, a 15 per cent rise on the first nine months of 1992, following a 29.9 per cent increase in its operating margin to Pta104bn. Argentaria's share price increased by 43.7 per cent between May 12, when it began trading, and September 30 when the share price closed at Pta5,460 to give the banking group a market capitalisation of Pta885.2bn.

Rival Spanish banks, Banco Bilbao Vizcaya, and Banco Santander, respectively reported third-quarter net profits yesterday of Pta62.4bn, and of Pta67.4bn. The profits of both banks represented an increase of 8.7 per cent on those on the first nine months of 1992.

Earlier, Banco Central Hispano reported virtually flat after-tax profits of Pta45.4bn.

Loss deepens at Aer Lingus

By Tim Coone in Dublin

MR Bernie Cahill, chairman of Aer Lingus, Ireland's troubled state-run airline, described the past year as the "most traumatic in its 57-year history" in announcing a pre-tax loss of I£190.7m ($133.8m) yesterday.

The losses, for the year to March 31, underline the urgent need for the group to implement its rescue plan – stalled in negotiations with trade unions – if the airline is to survive.

On turnover of I£817m, Aer Lingus suffered underlying operating losses of I£22.9m in the core air transport division, compared with a loss of I£16.2m in 1991-92. Exceptional charges totalled I£143.6m, made up of I£99.8m restructuring costs and I£43.9m to cover the total write-off of the airline's shareholding in GPA, the Shannon-based aircraft leasing company.

Mr Cahill said the scale of the trading losses, coupled with the weakening of the balance sheet, "raised serious questions about the future of the group".

Gearing at the end of March stood at 533 per cent, up from 109 per cent two years ago. As net debt is I£540m, this implies the group has shareholders' funds of only some I£100m.

The company is losing about I£1.2m per week and is seeking to cut I£50m from annual operating costs of about I£600m.

Management and unions, however, have been unable to agree on either the nature or the scale of the restructuring plan. The Irish Labour Relations Commission is acting as arbitrator. However, if agreement is not reached by October 31, the company has said it will proceed anyway.

A voluntary redundancy scheme to shed 1,280 of the 5,500 workforce has attracted only 900 acceptances. Of these, the company has said that only 314 can be released without serious changes in working practices. It says this issue is central to the negotiations.

A proposed equity injection of I£175m by the government – and EC approval of it – is conditional on a viable rescue plan being implemented.

Continental stays in the black

By David Waller in Frankfurt

CONTINENTAL, the German tyre company, has managed to stay in the black for the first nine months of the year despite dire conditions for suppliers to the automobile industry.

Reiterating its prediction that it would make a profit for the year, the Hanover-based group reported that sales dropped by 6 per cent in the first nine months to DM6.8bn ($4.1bn). Sales to to the European auto industry dropped by 26 per cent in the period.

Continental cautioned that the operating results for its mainstream tyre business, as well as its non-tyre technical products, would be considerably under last year's level, reflecting the depth of the recession in Europe as well as weaknesses in the US market for replacement tyres.

However, Mr Hubertus von Grünberg, chief executive, said he was confident that the group would be able to achieve its plan of sales of 5m winter tyres in the coming months. Winter tyres make an important contribution to the group's profitability.

There would also be improvements in the loss position at General-Tire, the group's US subsidiary.

Gan lags midway but sees gain for year

By John Ridding in Paris

GAN, the French state-controlled insurance group, yesterday announced a fall in first-half net profits, to FFr372m ($64m) from FFr487m. However, it forecast an improvement in full-year results compared with 1992.

Mr François Heilbronner, chairman, said the group was well-prepared for privatisation. Gan, one of the 21 publicly-owned groups due to be sold by the government, could be privatised next year.

The group, which suffered a sharp fall in profits in 1992 – to FFr402m from FFr2.32bn – because of substantial property provisions and depressed insurance markets, said it was on the road to recovery.

Group turnover rose 8.6 per cent to FFr62.3bn. Insurance activities returned FFr43.7bn, of which 26 per cent came from overseas activities.

The company said the fire and accident insurance businesses had shown a healthy improvement over 1992, and that CIC, its banking subsidiary, had lifted net profits from FF91m in the first half of 1992 to FFr235m this time.

Mr Heilbronner's comments about the remainder of this year and the improved outlook for 1994, suggest the French insurance market is beginning to recover after a sharp decline in 1992.

Industry analysts said, however, that recovery was likely to be gradual.

L'Oréal turns in 10.5% rise

L'OREAL, the world's largest cosmetics group, achieved pre-tax profits of FFr2.45bn ($422m) in the first half of the year, a 10.5 per cent increase over the same period in 1992, writes John Ridding.

The company anticipates growth in profits for the full year will be at least the same as in the first half. In 1992, the group reported pre-tax profits of FFr4bn. The rise in first-half profits was achieved on a sales increase of 7.1 per cent.

Forestry helps Repola to profits

By Christopher Brown-Humes in Stockholm

ANOTHER strong performance from its forest operations helped Repola, Finland's largest industrial group, achieve profits of FM86m ($15.1m) in the first eight months, after sales grew 12 per cent to FM16.8bn.

The result compares with a FM415m loss in the same period in 1992 and reflects the benefits of the weaker Finnish markka and increased production at its main unit, United Paper Mills (UPM).

Operating profits more than doubled to FM1.79bn from FM818m. However, financing costs rose to FM1.7bn from FM1.23bn partly because foreign exchange losses increased to FM408m from FM109m.

UPM saw sales rise 21 per cent to FM10.8bn and pre-tax profits increase to FM725m from FM133m.

Sales fell 3 per cent to FM5bn at Rauma, the group's metals and engineering unit, although the division's pre-tax loss fell sharply to FM15m from FM238m. Rosenlaw, the company's packaging unit, lifted sales by 7 per cent to FM910m as it swung to a FM21 pre-tax profit from a FM27m loss last time round.

● Metsä-Serla, the Finnish forestry company, said it is considering selling part of its 21 per cent stake in Repola.

The holding, a hangover from a failed bid attempt in 1990, has a total market value of FM2.8bn ($491m) and a book value of FM2.1bn. Morgan Stanley International and Alfred Berg have been retained as advisers.

The group declined to comment on a market report that suggested it planned to sell half of its holding of 31.6m shares for FM84.5 per share to raise FM1.38bn.

Repola's share price has doubled this year to FM88 per share in line with the improved performance of the Finnish exporting sector.

Mr Timo Poranen, Metsä-Serla's chief executive, said recently that the stake was not essential for Metsä-Serla's business co-operation with UPM.

The group also has a stated strategy of strengthening its balance sheet.

Metsä-Serla swung to a FM112m profit after financial items in the first eight months from a FM169m loss in the same 1992 period.

It is expecting a stronger performance in the final four months and "a clear profit" for the full year, after 1992's FM290m deficit. Sales rose 7.2 per cent to FM5.34bn from FM5.03bn, with full-year sales expected to exceed FM8bn.

BASF in heathcare warning

By Christopher Parkes in Frankfurt

BASF, one of Germany's leading chemicals companies, will make no profits from its healthcare business this year, according to Mr Hans Uwe Schenck, chairman of the group's Knoll drugs company.

Mr Schenck, who said Knoll was to cut its labour costs by 15 per cent, added that his forecast excluded any charges incurred by workforce reductions. He attributed two-thirds of the blame for the slump to the German government's clamp on health service costs.

Knoll, which earned DM113m ($68m) net last year, will also seek economies by reducing spending on research and development by around 10 per cent, in contrast to the usual practice of increasing budgets by a similar proportion.

Turnover in the nine months to the end of September had fallen 5 per cent to DM1.48bn despite a 3 per cent increase in foreign sales which accounted for 77 per cent of the total.

Domestic turnover had dropped 7 per cent overall, although revenues from drugs affected by a government-imposed price freeze and prescription limits had fallen 14 per cent.

Mr Schenck protested that although drugs accounted for only 15 per cent of the statutory health scheme's costs, manufacturers were having to bear 20 per cent of the cuts. Leading German research-based pharmaceuticals makers had suffered falls in sales of between 9 per cent and 27 per cent in the first eight months of the year, he said.

Mr Schenck also revealed that Knoll had stopped all research and development work on a genetically-engineered cancer treatment, TNF, which which had not proved "significantly effective" in clinical trials.

Norwegian shipowner up sharply

By Karen Fossli in Oslo

LEIF HOEGH, one of Norway's biggest shipowners, reported a sharp increase in nine month pre-tax profit to NKr581m ($81m) from NKr135m last year, helped by a stronger fleet, higher freight rates and a stronger dollar.

Group net freight revenue rose to NKr1.79bn from NKr1.58bn as operating profit increased to NKr274m from NKr218m. The shipowner posted a nine-month financial profit of NKr48m against a financial loss of NKr63m during last year's comparative interim.

Hoegh said the improvement was due to a rise in net interest income to NKr64m from NKr58m, a decline in foreign currency losses to NKr24m from NKr38m and a drop in interest expenses to NKr57m from NKr77m.

The group also achieved financial gains of NKr66m on investments, against a loss of NKr26m last year. Hoegh said the oil products market from North Africa to the US and Europe for combination carriers was quite good throughout the third quarter but that it had weakened for tankers with a strong autumn market yet to materialise.

● I.M. Skaugen, the Norwegian gas carrier group, reported a reduction in nine-month pre-tax losses to NKr151m from NKr338m, helped by a fall in financial and operating costs and a stronger dollar.

Last year the group also operated tankers which it has since divested, so figures are not directly comparable. Group operating losses were cut significantly to NKr75m from NKr236m from last year's comparative period.

Voyage costs in the nine-month period were reduced to NKr60m from NKr267m as other operating costs were cut by more than half to NKr101m from NKr247m.

Kymmene announces bond issue

By Christopher Brown-Humes

KYMMENE, the Finnish forestry group, yesterday announced sharply-reduced losses for the first eight months and plans for a FM600m ($105m) convertible bond issue.

Losses after financial items amounted to FM337m for the period, compared with FM849m last time.

The group said productivity gains and higher sales volumes had assisted the recovery, but it acknowledged that it was lagging behind its competitors.

The group's exposure to the highly-depressed fine papers market, and the volume of its production in hard currency countries, has held it in the red when its main domestic rivals have returned to profit.

Sales climbed to FM10.5m from FM8.42m, while operating profits rose strongly to FM1.0bn from FM243m.

The group expects a better performance in the final four months, because of productivity gains, falling interest rates and increased exports to markets outside Europe.

The convertible bonds, which will be offered to shareholders and the public, have a 50-year maturity but can be called by the company at par from the year 2004. Proceeds will be used to reduce net debt, which stood at FM17.9bn at the end of August.

Bankers Trust soars to $310m

By Richard Waters in New York

AFTER-tax profits at Bankers Trust soared to $310m in the third quarter, nearly 25 per cent higher than the previous three months. The sharp rise was the result of continued volatility in international financial markets and the bank's strong position in the derivatives business.

Earnings per share, at $3.71, exceeded market expectations and compared with $2.97 a share in the second quarter, when it earned $251m after tax, and $1.90 a share against $166m after tax a year ago.

Trading revenue jumped by $187m, or 77 per cent, from $431m.

The majority of this growth resulted from risk-management products sold to clients rather than proprietary trading, said Mr Charles Sanford, chairman.

Trading-related profits were also behind the reported $52m increase in the bank's net interest income, which rose to $364m for the quarter.

Most other operations also recorded solid gains. Income from fund management and custody services rose by $35m to $183m, while fee and commission income was up $33m to $198m.

Higher bonuses stemming from the record results meant that Bankers Trust paid out twice as much under incentive schemes and other benefit arrangements during the period than it paid in normal salaries.

Bonuses and other benefits paid to staff jumped to $326m, from $183m the year before. Normal salary payments rose only 8 per cent, to $176m, suggesting the bank's cost base remained flexible and would shrink in the event of falling trading income.

Bankers Trust's trading results have remained more consistent during volatile market conditions than those of rivals such as Salomon Brothers, which depend more heavily on own-account trading to generate their profits.

The bank's return on equity reached 30 per cent during the quarter at an annualised rate, up from 26 per cent in the previous three months.

Salomon, by contrast, made a spectacular 40 per cent (on a fully diluted basis) in the second quarter before plunging to 0.1 per cent in the latest three months.

Apple launch will not ease profit pressure

By Louise Kehoe in San Francisco

APPLE Computer's profit margins are expected to continue to decline, following the launch yesterday of several aggressively-priced Macintosh products.

Apple is aiming to lift its share of the personal computer market in the face of intense price competition.

The new Macintosh PCs include desktop models aimed at business and education customers as well as consumers, and two portable notebook computers.

Prices are 20 per cent to 35 per cent lower than existing models and in some instances less expensive than equivalent IBM-compatible products.

This represents the sixth round of price cuts by Apple since April.

"Over the past five or six months we have dramatically changed our strategy. We used to have a higher priced, lower volume business model, but people are no longer willing to pay a premium for our technology leadership, so we have had to shift to a lower price, higher volume strategy," said Mr Ian Diery, executive vice-president.

"We have proved the price elasticity of the Macintosh market," Mr Diery claimed.

"In its recently completed fourth quarter, Apple reported a 21 per cent increase in revenues and a 30 per cent increase in unit shipments," he pointed out.

However, Apple's gross profit margins have plummeted over the past year from over 40 per cent to less than 26 per cent.

With further price cuts, profit margins would continue to decline in the current quarter, the company said. In the latest fourth quarter net profits dropped 97 per cent to just $2.7m.

Apple's inventories rose sharply in the fourth quarter, Mr Diery acknowledged. He said the increase, from $580m in the same quarter last year, to over $1.5bn, was partly explained by a build-up of stocks of the new products announced yesterday.

In an effort to avoid product shortages that limited Apple's ability to take advantage of strong demand in the fourth quarter, he said they had accumulated two to three times as many of the new products as it did before prior product launches.

However, Apple's bloated inventory included, a "significant" quantity of older products, he admitted.

The company has high stocks of notebook computers that it would try to sell at a heavy discount over the next few months, putting further pressure on profit margins.

If the discounts did not increase sales, Apple may be forced to take a write-off, analysts said.

McDonald's advances 8% to $311m

By Laurie Morse in Chicago

MCDONALD'S, the international hamburger restaurant, reported third-quarter income of $311m, or 85 cents a share, up 8 per cent from $289m, or 79 cents a year earlier. Sales rose to $6.2bn in the period, from $5.9bn a year ago.

For the first nine months, operating income advanced to $1.5bn, or $2.19, from $1.4bn, or $1.99 for the same 1992 period. The company's nine-month sales were $17.4bn, up from last year's $16.1bn.

The company has added 576 restaurants so far this year.

Mobil up 40% in third quarter

By Karen Zagor

MOBIL, the big US energy group, outstripped market expectations yesterday by unveiling a 40 per cent jump in underlying third-quarter earnings, reflecting increased oil production and higher sales of petroleum products.

Net income for the quarter was $666m, or $1.63 a share, compared with $413m, or $1, a year earlier.

Excluding one-time net gains of $53m in the latest quarter and a special charge of $25m a year earlier, Mobil said operating earnings rose 40 per cent to $613m, or $1.50.

Mobil's US marketing and refining operations earned $139m in the quarter, compared with a loss of $19m a year earlier. The company attributed the improvement partly to better industry margins.

Overseas, marketing and refining brought in earnings of $215m, up $130m, led by a strong performance in the Pacific Rim.

Results in Europe were better than last year, but continued to reflect the impact of recession.

Cost cutting measures also helped earnings.

Mobil's domestic exploration and producing earnings fell $36m to $110m. A sharp drop in crude oil prices was only partly offset by higher natural gas prices and lower administrative expenses.

International exploration and producing earnings dropped $61m to $255m reflecting lower crude oil and natural gas prices and reduced European natural gas volumes.

Earnings from chemicals slid $15m to $9m. The company blamed sluggish economies and industry oversupply for the low margins on polyethylene and films.

During the quarter, Mobil's corporate and other expenses rose $11m to $47m but financing expenses were $10m lower at $68m, reflecting a lower debt level and lower interest rates.

Prudential Securities in $371m settlement

By Richard Waters

PRUDENTIAL Securities is to pay $371m in a settlement connected with high-risk real estate and energy investments it sold during the 1980s.

It is the second-biggest financial settlement enforced by US securities regulators.

The payout results from an agreement hammered out between the Prudential Insurance subsidiary, the Securities and Exchange Commission, securities regulators in 49 US states and the National Association of Securities Dealers.

The securities firm was involved in "massive misconduct" in the sale of investments in more than 700 so-called limited partnerships between 1980 and 1990, the regulatory bodies said.

The partnerships – vehicles set up to allow groups of individuals to pool investments in property and energy ventures – were in many cases sold as low-risk investments, when in fact they involved large risks.

Some $330m of the settlement will be paid into a fund for investors who lost money, while the rest will be distributed in fines to the securities regulators involved.

Any of the 320,000 limited partnership investors who believe they were misled by Prudential will have to file a claim before they can receive compensation.

The settlement exceeds the $290m paid by Salomon Brothers after the Treasury bond auction scandal, but is less than the $650m levied on Drexel Burnham Lambert.

The bulk of these settlements were in the form of fines, rather than compensation payments to investors. Prudential has paid out $260m to groups of investors to settle claims arising from losses on limited partnerships.

Texas is the only US state which did not participate in yesterday's deal.

It is pursuing a separate settlement over the sale of substantial property investments in the Dallas/Fort Worth area.

Dow Chemical tumbles in spite of hitting target

By Karen Zagor in New York

SHARES in Dow Chemical tumbled $3¼ to $55¾ in heavy trading yesterday morning in spite of on-target third-quarter earnings from the US chemicals group.

Analysts were at a loss to explain the stock's movement, given the 9 per cent decline in Dow's third-quarter net income to $137m, or 50 cents a share, was what most analysts had predicted.

A year earlier, Dow posted net income of $151m, or 55 cents. Sales in the 1993 quarter fell 8 per cent to $4.37bn from $4.75bn.

Mr Leonard Bogner, senior chemical analysts at Prudential Securities, said some investors were concerned by the company's large loss in Europe in the quarter.

He attributed Dow's poor European performance to seasonal factors and foreign exchanges losses rather than a downward spiral in its European business. "Since the end of the third quarter, volumes have picked up and prices in Europe have improved," he added.

Mr Bogner cut his full-year estimates to $2.30 a share from $2.38; but maintained his 1994 estimates at $3.50.

Mr Jeff Cianci, an analyst at Bear, Stearns noted Europe was particularly weak in the quarter but did not change his 1993 earnings projections of $2.24.

During the quarter, sales for chemicals and performance products dropped 11 per cent to $1bn while operating income plunged 31 per cent to $76m.

The company blamed falling prices for caustic soda and magnesium for the poor performance of its chemicals and metals operations. Dow said performance products had higher profits in spite of lower sales in Europe.

Sales of plastics fell 8 per cent to $1.6bn but operating income grew 41 per cent in the quarter to $110m led by Dow's thermosets and fabricated products businesses in the US.

Sales of hydrocarbons and energy rose 6 per cent to $453m. The sector had operating income of $12m, compared with an operating loss of $8m the previous year.

Dow's consumer specialties group posted a 10 per cent decline in sales to $1.3bn and a 27 per cent drop in operating income to $166m. The company's pharmaceuticals business led the decline.

Rhône-Poulenc unit drops 21%

By Paul Abrahams

RHONE-Poulenc Rorer, the majority-owned pharmaceuticals subsidiary of the French group Rhône-Poulenc, yesterday reported third-quarter earnings down 21 per cent to $102.7m from $130.5m. The results were affected by a slowdown in underlying sales and exchange rates.

RPR is important for Rhône-Poulenc which is being privatised. Analysts expect the French group's healthcare business to contribute nearly 90 per cent of its operating profits this year.

RPR's turnover fell 8 per cent to $960m from $1.05bn. The company said the US dollar was 17 per cent stronger against the French franc during the third quarter last year. About 25 per cent of the subsidiary's sales are in France.

Excluding currencies, sales were up 3 per cent compared with the same period last year. Higher turnover in France was offset by a fall in sales in Germany and Italy, following healthcare reforms.

Gross margins improved nearly 1 per cent on the third quarter last year thanks to reduced operating expenses and a reduction in interest charges. Net interest charges fell to $10.1m from $29.3m.

Earnings per share fell to 51 cents from 66 cents for the same quarter last year.

Without exceptional items in 1992 and this year, earnings per share for both third quarters would have been 62 cents.

Coca-Cola lifted by sales growth

By Richard Tomkins in New York

A 5 per cent increase in shipments helped further strong profits growth for Coca-Cola, the US soft drinks group, in the third quarter. However, changes in the tax regime reduced the impact on the bottom line.

Net income would have been 15 per cent ahead at $623m, but the effects of unusual items – mainly tax changes – left the figure 9 per cent ahead at $590m.

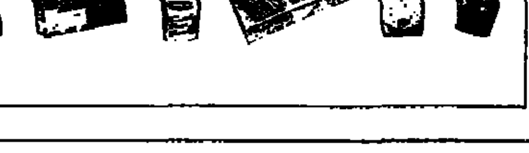
Mr Robert Goizueta, chairman and chief executive, said the company was pleased to have achieved the results in the face of weak economic conditions worldwide.

Mr Goizueta forecast earnings-per-share growth of 19 per cent to 20 per cent for the full year, excluding non-recurring items.

Earnings per share in the latest quarter were up 17 per cent at 48 cents excluding unusual items. After items, they were 10 per cent ahead at 45 cents. In the nine months to date, net income grew 18 per cent to $1.8bn excluding unusual items and 15 per cent to $1.7bn including them.

Coca-Cola said the 5 per cent increase in North American volume was driven by gains in the sales of core brands and new products, such as PowerAde and Nestea.

European sales growth was hindered by weak economic conditions and poor weather. Japanese volumes fell after a wet summer, but these factors were offset by faster growth in other regions.



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ATT and MCI show sharp growth

By Martin Dickson in New York

AMERICAN Telephone & Telegraph (AT&T) and MCI Communications, the two leading US long-distance telecommunications companies, yesterday reported double-digit growth in third-quarter earnings.

AT&T reported net income up 11.4 per cent to $1.073bn, or 79 cents a share, compared with $963m, or 72 cents, in the same period of last year. Revenue rose 3 per cent to $16.66bn.

MCI reported earnings of $174m, or 30 cents a share, against $154m, or 29 cents, in the same period of last year. Excluding a one-time charge of $18m because of tax law changes, earnings per share rose by nearly 14 per cent.

Both sets of figures were broadly in line with market expectations.

AT&T said revenues from the long-distance market, where it is fighting to maintain its 60 per cent market share, were little changed on a year ago, as customers switched to lower priced services.

Calling volumes were up 5.5 per cent from a year earlier and long-distance profitability continued to be strong, showing a 2 percentage point increase in gross margins to 38.8 per cent.

The company's revenue growth was helped by an 8 per cent increase in sales of telecommunications products to $317m, with strong growth outside the US.

However, NCR, the computer company acquired by AT&T two years ago, which has been undergoing a senior management shake-up, continued to report poor results. Sales of products and systems rose 4 per cent, but it had an operating loss of $49m, attributed to competitive pricing, particularly for personal computers, and a $23m restructuring charge.

MCI reported 14.7 per cent growth in traffic, well above the industry average, which it attributed to a raft of innovative long-distance services for business and consumer markets.

It added that a global joint venture with British Telecom, which agreed earlier this year to take a large stake in MCI, was moving ahead, though it still requires regulatory and shareholder approval.

For the nine months, AT&T reported net income of $3.1bn, or $2.30, on revenues of $48.7bn, excluding accounting changes, compared with net income of $2.81bn, or $2.11 a share, on sales of $47.4bn last year.

AMR posts second consecutive profit

By Richard Tomkins in New York

AMR Corporation, parent company of American Airlines, one of the biggest US airlines, turned in a second consecutive quarter of profit.

Net income was $118m for the third quarter, compared with net losses of $100m last time.

Mr Robert Crandall, chairman, said the profits were "insufficient, but a step in the right direction".

"While we remain far short of our goals, we are pleased that our continuing efforts to control costs and maximise revenue have begun to improve results," he said.

The company dismissed reports that it was seeking an alliance with Sabena, the Belgian national carrier. American Airlines is the only large US airline not to have secured a large alliance with a European partner.

American Airlines, like others in the US industry, has been dogged by tough competition from lower-cost operators offering cheaper fares. Last month it announced plans to eliminate 5,000 jobs and ground 11 of its DC-10 aircraft.

Net earnings for the first nine months are $143m, compared with a loss of $275m.

Restructuring boosts Sears Roebuck in third quarter

By Laurie Morse in Chicago

SEARS, Roebuck, the US retail and insurance group, recorded the second most profitable third quarter in its history, as the restructuring and the divestiture of several businesses boosted its bottom line.

This is the third consecutive quarterly earnings improvement, after a record loss in 1992.

Sears reported consolidated net income of $388.4m, or 98 cents per share, up from a consolidated net loss of $853.8m, or $2.30, for the third quarter of 1992.

Last year's third-quarter loss was primarily due to after-tax charges of $1.2bn related to insurance claims against Allstate in the aftermath of Hurricane Andrew.

Income from continuing operations was $453.9m in the quarter, compared with a loss of $992.3m in the same 1992 quarter.

Third-quarter results include a $81m favourable income tax adjustment, which was partly offset by a $65.5m extraordinary charge related to the company's call of a $300m, 7 per cent deep-discounted bond.

Consolidated revenues in the quarter fell to $12.7bn, from $12.8bn a year ago, reflecting the divestiture of Sear's catalogue operation and several merchandising operations.

Since spinning off the balance of its ownership in Dean Witter, Discover in June, Sears' continuing operations include its merchandising group, 80 per cent ownership of Allstate Insurance, and its property group, Homart Development.

The merchandising group reported third-quarter income of $215.2m and revenues of $7.3bn, compared with last year's loss of $49.4m on sales of $7.7bn.

Allstate's income was $260.9m, against a loss of $845.8m, and revenues improved to $6.3bn, from $5.07bn in the third quarter last year.

Homart Development continued to show a loss, at $5m in the quarter, compared with last year's loss of $6.2m.

For the first nine months, Sears recorded consolidated net income of $1.8bn, or $4.73 per share, against a loss of $2.1bn, or $5.84 for the first three quarters of 1992.

Sales for the nine-month period were only marginally lower, at $36.2bn, compared with $37.3bn a year ago.

ITT reports rise in income and sales

By Martin Dickson

ITT, the US conglomerate, more than doubled third-quarter net income to $252m, or $1.91 a share, from $113m, or 80 cents,last year, on sales down from $5.5bn to $5.2bn.

But last year's third quarter was distorted by an after-tax gain of $622m on the sale of a stake in Alcatel; an after-tax charge of $759m for insurance losses and $95m in hurricane insurance losses.

The latest period included an after-tax restructuring charge of $20m and a $22m tax benefit.

Microsoft starts year firmly

By Louise Kehoe

MICROSOFT, the leading personal computer software company, reported a 20 per cent increase in first-quarter revenues.

Net income for the quarter was in line with expectations at $239m or 79 cents a share, up from $209m or 70 cents in the same period last year.

Revenues rose to $983m from $818m a year ago. Those from software sold to computer manufacturers were particularly strong, representing 26 per cent of the total, said Mr Mike Brown, Microsoft's vice-president of finance and treasurer. For fiscal 1993, these OEM sales represented 19 per cent of total revenues.

In the first quarter, sales of operating systems software accounted for 36 per cent of revenues, up from 32 per cent in the same period last year. Applications programs sales were 59 per cent of revenues, down from 60 per cent.

Microsoft said changing software buying patterns have lifted sales of its suite of office software products.

Whereas individual stand-alone applications products once generated the bulk of applications unit sales, the Microsoft Office, combining word processing, spreadsheet, presentation graphics, database management and electronic mail is its most popular applications product.

More than 2.5m units have shipped worldwide.

Earlier, Microsoft executives had warned analysts that the increase in sales of suites of programs, together with the rise in OEM sales was expected to slow revenue growth in the future.

In the fourth quarter of fiscal 1993, Microsoft's revenues rose 27 per cent, while net profits were up 20 per cent.

During the quarter, Microsoft began shipping its most-advanced operating system product, Microsoft Windows NT.

BZW launches index warrants

By Conner Middelmann

BZW Securities yesterday launched the first listed warrants that allow investors to trade the spread between the German DAX stock index and the French CAC40 Index. The DAX closed at 2048 and the CAC at 2199.7 yesterday, bringing the spread to 151.7 points.

The gap was at 124 points when the warrants were issued, but widened after the Bundesbank cut its key rates by ½ point. The move is expected to spark near-term French rate cuts, and so spur the French stock market.

In recent weeks, the DAX has outperformed the CAC, causing the spread between the two indices to narrow, close to its 96-point low for the last two years. The warrants are aimed at investors who expect the French index to outperform its German counterpart and expect the spread to widen rapidly to over 200 points.

The warrants, which expire on December 21, were issued at DM60 and closed at DM70 bid. One warrant entitles the holder to receive an amount in D-Marks equivalent to the difference, if positive, between the spread of CAC40 over the DAX and the strike of 144.

NEWS DIGEST

Cigarette wars hit American Brands' income

AMERICAN Brands, the US tobacco and consumer goods group, has emerged as another victim of the cigarette price war as it reported a slump in third-quarter net income to $85m from $202.7m in the same period last year, writes Richard Tomkins.

Price cutting in the domestic market led its American Tobacco subsidiary to turn in an operating loss of $35m for the quarter, including exceptional charges of $60m for writedowns of stock values and restructuring, the company said.

Exchange rate movements on overseas earnings, particularly sterling, wiped $52m off net income.

Third-quarter turnover fell to $3.3bn from $3.77bn, but the company said the figure would have been 1 per cent higher without the impact of exchange rate movements. Net income per share fell to 42 cents from 95 cents.

Net income for the nine months to September was $382.4m, against $650.5m.

Wang Laboratories to float NZ unit

WANG Laboratories, once a leading US maker of minicomputers and word processors, yesterday confirmed it planned to sell 70 per cent of its local subsidiary Wang New Zealand through a public flotation, writes Terry Hall in Wellington.

Mr Anthony Howard, Wang New Zealand's chief executive, said the announcement was being brought forward following speculation that Wang Laboratories intended to sell the subsidiary after it emerged from Chapter 11 bankruptcy protection last month.

Shake-up drives WMX to $127m loss

WMX Technologies, the waste management and environmental group, posted a loss of $127m, or 26 cents a share, in the third quarter, largely because of costs related to restructuring at its hazardous waste subsidiary, Chemical Waste Management, writes Laurie Morse.

The loss compares with a $216m, or 44 cents, profit in the third quarter of 1992.

Chemical Waste, 80 per cent owned by WMX, reported a $359.9m net loss for the quarter after a $363m after-tax charge for writing down assets and restructuring.

Chemical Waste's operations have been plagued by declining off-site hazardous waste volumes and overcapacity in the US hazardous waste incineration business.

For the nine months, WMX had income of $289m, or 60 cents, 7bn, down from $667m, or $1.35, in the first nine months of 1992.

Johnson & Johnson advances by 9.7%

A LOWER effective tax rate led to a 9.7 per cent advance in net income at Johnson & Johnson during the third quarter, the US healthcare products group announced yesterday, writes Richard Waters.

Pre-tax earnings climbed by only 2.5 per cent, but after-tax profits jumped from $414m, or 63 cents a share, to $454m, or 70 cents.

The strong US dollar restricted sales growth to less than 1 per cent in dollar terms. Sales climbed by 7.1 per cent in local currency terms, but after translation into the US currency rose only to $3.51bn, from $3.48bn a year before.

CP Forest Products trims shortfall

CANADIAN Pacific Forest Products, one of North America's biggest newsprint producers, reduced operating losses sharply in the first nine months. It was helped by firmer prices for some products, greater efficiency and a lower Canadian dollar, writes Robert Gibbens in Montreal.

Operating loss was C$91.3m (US$68.9m) against C$153.4m, and the final loss after special items was C$125m, or C$2.16 a share, against a loss of C$188.4m, or C$3.20, a year earlier.

Sales were little changed at C$1.4bn.

The third-quarter final loss was C$12.3m, or 20 cents a share, compared with a profit of C$57.9m, or C$1.10, last time.

Desjardins puts price of C$625m on Laurentian

By Robert Gibbens in Montreal

THE C$50bn Desjardins financial services group has fixed a price of C$11.57 a share or a total of about C$625m (US$466m) to complete the takeover of rival Laurentian Group.

All Desjardins' financial services units, except its 1,300 credit union branches, mainly in Quebec, will be merged with the smaller Laurentian into Desjardins-Laurentian Financial, a holding company minority-held by the public.

This holding company, together with the credit unions, will have corporate assets and assets under management of almost C$80bn, placing it among Canada's top five financial services groups. It will also include Laurentian Bank.

The C$11.57 per Laurentian share being paid by Desjardins will comprise C$6.22 cash plus stock or notes of the new holding company. The full offer goes out November 1.

The biggest Laurentian unit, Toronto-based Imperial Life Assurance, with half its business in the US, now becomes part of Desjardins.

Groupe Victoire of France, a minority holder of Laurentian, will retain a smaller interest in the merged group, taking cash and stock in the holding company.

The merger is expected to close in January and the new holding company's stock will be quoted on the Canadian stock exchanges.

Nissan extends shake-up at troubled Spanish unit

By Michiyo Nakamoto and Kevin Done in Tokyo

NISSAN, the Japanese carmaker, is looking to restructure its Spanish subsidiary, Nissan Motor Ibérica, further and cut the workforce by 16 per cent over the next two years.

It faces a further capital restructuring of the troubled Spanish majority-owned company, which is expected to involve a write-down of a significant part of its equity capital to comply with Spanish law on corporate solvency.

The heavy losses have wiped out a large part of the company's net worth, and the losses in the second half of the year are expected to equal the first-half deficit.

The Japanese carmaker had been planning to inject Pta10bn ($75.6m) in new equity into the company. However its room for financial action is being severely constrained by mounting losses in Japan.

Nissan has asked its Spanish labour unions to consider a company proposal to eliminate a further 500 jobs in addition to the 600 it had already planned. It is also asking its unions to accept a wage freeze for 1994.

The moves by Nissan highlight the increasing difficulties Japanese carmakers face in western Europe, where new car sales have fallen by 16 per cent in the first nine months of this year.

Nissan, which was the first Japanese carmaker to start manufacturing in Europe, has recently announced it will also have to halve output at its Sunderland car plant in the UK. The company has already adjusted production in Spain by introducing an average of 11 extra holidays in October and November.

Nissan said production at its Spanish operations, which made a Pta23bn loss in the first half of 1993, would fall by about 4,000 units to 86,000 units this year. Actual production between January and September came to 60,000.

In the UK, meanwhile, production plans have been revised down to 246,000 from the 270,000 forecast at the beginning of the year. Capacity at Sunderland is around 300,000 a year.

Nissan is facing severe pressure at home as well, where it is reducing the age for voluntary retirement to 45 from 50 in an attempt to cut its domestic workforce from 53,000 to 48,000 by 1995.

Like many other Japanese companies, Nissan needs to reduce the number of middle-aged white collar employees. Lowering the voluntary retirement age requirement for these workers to 45 would add another 1,000 employees to those already eligible.

Fletcher Challenge floats farm business

By Terry Hall in Wellington

FLETCHER Challenge, the New Zealand energy and forestry concern, is to publicly float the oldest part of its business, Wrightson, the farm supply company founded in 1860.

Fletcher Challenge was formed from the merger in 1980 of Challenge Corporation, whose main asset was Wrightson, and the building company Fletcher Holdings. Yesterday's announcement surprised New Zealand investors, as the farm servicing sector was always seen as a traditional and fundamental part of the business.

Fletcher Challenge's chief executive, Mr Hugh Fletcher, said Wrightson was an important part of the company's history. However, with its international growth, the parent now used only a small proportion of the company's funds. Its establishment as a separate entity would leave Wrightson to focus on the rural sector.

Wrightson operates in such areas as woolbroking and rural real estate sales. Revenue for 1992-93 was more than NZ$620m (US$344.4m), excluding commission sales of NZ$1.65bn.

Mr Fletcher said the sale was not driven by Fletcher Challenge's balance sheet reduction programme, although the proceeds would be used to retire debt.

The Wrightson shares will not be made available to shareholders living in the US and Canada because of regulatory matters.

Mr Fletcher said that following the sale, Fletcher Challenge would concentrate on its three core businesses: energy, forestry and construction.

The float will be through a pro rata entitlement to existing shareholders. They will be offered the chance to subscribe for Wrightson shares at NZ$100 for every 800 Fletcher Challenge shares held.

Fletcher Challenge also confirmed yesterday it would proceed with a flotation of its New Zealand retail outlets.

Secrets of cultivating $5bn in sales

Victor Mallet charts the growth of Thai group Charoen Pokphand

GUARDED by a team of security men on the 30th floor of his headquarters in central Bangkok, Mr Dhanin Chearavanont is overseeing the rapid expansion of Charoen Pokphand, the secretive multinational conglomerate that is already Thailand's largest business group.

According to its own, deliberately vague estimates, CP now embraces more than 200 companies, compared with 80 in 1979. Meanwhile, the number of employees has risen from 15,000 to between 50,000 and 70,000.

Sales have risen tenfold to reach about $5bn in 1992, double the turnover of the state-owned Electricity Generating Authority of Thailand, the largest Thai company in Asiaweek magazine's annual list of the 1,000 biggest Asian companies.

The CP group does not figure on the list because it has no parent company – for tax reasons, according to Mr Dhanin – and only a fraction of its $5bn of sales appears in the accounts of publicly-listed companies such as CP Feedmill in Bangkok and CP Pokphand in Hong Kong. The rest is attributable to the Dhanin family's private interests. The group's debt and profit figures are closely-guarded secrets.

Much of the expansion has come from CP's core agribusiness, especially in China. "We are confident that in five years we will be the first in agribusiness worldwide," said the 54-year-old Mr Dhanin.

His father and uncle migrated to Thailand from China in the 1920s and set up a vegetable seed store in Bangkok. The group has diversified and grown to become the largest supplier of animal feed in Asia, and the fourth largest in the world, with 50 feedmills in nine countries and more than 100 poultry-breeding farms.

With its animal-breeding, feedmill and retail interests, CP pursues a policy of vertical integration in its agricultural businesses – "from the farmyard to the dinner table it's Charoen Pokphand all the way" is the slogan – and stockbrokers tend to be wary of CP's listed companies because they cannot unscramble the relationships between the public and private sides of the group.

Mr Dhanin, however, does not restrict himself to chickens, prawns and pigs. The group already has a petrochemicals division and joint ventures in China brewing Heineken beer and making motorcycles with Honda technology. In Thailand, it has franchises for Makro, the Dutch wholesaler, and 7-Eleven convenience stores.

Earlier this year, CP launched a petroleum business group to refine and market fuels and open petrol stations in China, Thailand and IndoChina. TelecomAsia, another CP company, has meanwhile raised $1.9bn to finance the installation of 2m new telephone lines in Bangkok with the help of Nynex of the US.

CP is expanding geographically, too. The company says it is investing in the Ukraine and looking at Russia, Kazakhstan and Burma.

In sectors where it has no obvious previous experience or technological skill – such as telecommunications and petrochemicals – CP's biggest advantage is its political clout, especially in countries such as China, Indonesia and Thailand, where ethnic Chinese businessmen like Mr Dhanin predominate.

Such influence can be controversial. Mr Anand Panyarachun, a previous Thai prime minister, accused government officials in charge of Thailand's telephone line expansion project of corruption after they awarded the job of 3m new lines to CP. He farmed out 1m lines to another consortium, leaving CP with the 2m they are presently installing.

Mr Dhanin says he takes a hands-off approach to CP's various projects and simply hires the best people to do the work. However he rejects the suggestion he is merely a middleman who receives a percentage for directing foreign technology into difficult markets.

"CP is a project manager and not a middleman," he said. "We are also an investor. As a project manager you have to seek people or companies with the right technology.

"Many people harbour the misunderstanding that we have a lot of influence over high-ranking officials. If that was so, Thailand's frequent changes of government would have put us in deep trouble. It's just that we choose the projects that answer people's needs."

In spite of CP's wide geographic spread (it has subsidiaries in the US, Portugal, the Netherlands and Turkey as well as in Asia), the key to the group's future lies in China, where Mr Dhanin has plans for everything from satellite launching to power stations and property developments.

Unlike some investors in China from the ethnic Chinese communities of south-east Asia, Mr Dhanin's group of companies, with feedmills at the forefront, has penetrated far beyond the booming southern provinces into China's heartland.

"Investment in China is our biggest target," he said. "Our formula for investing in developing countries is to try to be the first."

Quoting an Asian proverb about risk and opportunity, he said: "It is said that if you don't go into the tiger's cave, you won't get a tiger cub."

CP BUSINESS GROUPS

- Agro-industry
- Aquaculture
- Seeds, fertiliser, plant protection
- International trading
- Marketing and distribution
- Real estate and land development
- Petrochemical
- Automotive and industrial products
- Petroleum
- Telecommunications

LISTED COMPANIES

- Shanghai Ek Chor China Motorcycle (New York)
- CP Pokphand (Hong Kong)
- Orient Telecom and Technology Holdings (Hong Kong)
- CP Indonesia (Jakarta)
- Charoen Pokphand Enterprise Taiwan (Taipei)
- Siam Fortune (Bangkok)
- Charoen Pokphand Feedmill (Bangkok)
- Charoen Pokphand North-eastern (Bankgok)
- Bangkok Produce Merchandising (Bangkok)
- Bangkok Agro-Industrial Products (Bangkok)
- TelecomAsia Public Corp (listing on Bangkok exchange approved)

New products help Kao lift profits sharply

By Emiko Terazono

KAO, a leading Japanese household products maker, saw a firm rise in profits for the first six months to September, in spite of a sharp fall in consumer spending due to the prolonged economic slump.

The company attributed its profit rise to firm sales of new products and a realignment of production lines. Non-consolidated pre-tax profits for the first half rose 8 per cent to Y22.9bn ($213m) on a 3.5 per cent rise in sales to Y315.7bn. After-tax profits increased 4.1 per cent to Y12.1bn.

However, its balance on financial items deteriorated due to redemptions of warrant bonds.

Kao's personal care and cosmetics division saw a 4 per cent rise in sales to Y114bn due to strong demand for new products. Sales of detergents rose 2.7 per cent to Y123.9bn, while hygiene products increased by 5.9 per cent to Y37.8bn. Sales of chemicals and floppy disks rose 4.2 per cent to Y27.6bn.

Firmer prices bolster Anglo American gold

By Philip Gawith in Johannesburg

A FIRMER gold price, offset by a modest production performance, helped the gold mines managed by the Anglo American group, the world's largest producer, increase available profit by 7.2 per cent to R269.2m ($80.36m) in the September quarter, from R251.1m a year ago.

Mr Clem Sunter, chairman of the gold and uranium division, attributed the lower-than-expected increase to the high base of the June quarter.

"The previous quarter was really outstanding. It was difficult for us to improve on that, but we have done it and that's due to the gold price," he said.

Gold production was lower at every mine in the group compared with the June quarter, and fell overall by 3 per cent to 65,773kg from 67,803kg. This contributed to a rise in unit costs at all mines, with the average across the group 7.2 per cent higher at R28,930 per kg against R26,982 per kg.

The average revenue for the quarter rose 8.2 per cent to R39,320 per kg from R36,327 per kg.

The group also announced yesterday that its Free State operation, Freegold, would be developing a new R540m shaft. The new shaft, to be known as Freddie's No 4, will produce an estimated 106 tonnes of gold during its 19-year production life-span.

It is expected to yield 80,000m tonnes per month, at an estimated recovered grade of 7.24 grams/tonne. The shaft will reach full production in 2002.

The best performer in the group was Freegold, where available (after-tax and capital expenditure) profit rose to R121.4m from R102.5m. Vaal Reefs suffered the effects of an underground sit-in during the quarter, and profits fell to R63.8m from R70.7m.

At Western Deep Levels, profits rose to R42.5m from R38.1m. At Elandsrand, they increased marginally to R29.4m from R28.7m. Ergo, the dump treatment operation, made a R12.1m profit.

Anglovaal subsidiary in R393m rights issue

By Philip Gawith

TARGET Exploration, a subsidiary of the Anglovaal group, has announced details of a R393m ($117.3m) rights issue. The proceeds will go towards the preparation of an area which may be developed as a R1.5bn gold mine.

The rights issue follows an initial exploration effort which has produced encouraging results.

It comes in the wake of a firmer trend in the gold price in recent months which has prompted South Africa's mining houses to re-examine some of their potential mines.

If Target's next phase of development confirms the promise of early exploration work, it may open a 135,000-tonne-per-month mine, costing R1.5bn with a life of over 20 years and a recovered ore grade of 11.58-8.85 grams per tonne.

Target's lease area is in the Bothaville gap, an area of the Orange Free State between the existing Welkom and Klerksdorp goldfields.

Target's main shareholders, Anglovaal and Anglo American, are both supporting the issue. They will provide R310m. The balance of R83m will be underwritten by Anglovaal.

After the rights issue, Anglovaal's shareholding will fall to 48 per cent from 56 per cent , while Anglo American's will rise to 30 per cent from 17 per cent.

Loraine gold mine, which holds 17 per cent of Target, will not be following its rights. These will be designated, at cost, to its shareholders.

INTERNATIONAL CAPITAL MARKETS

German base rate cuts trigger wave of easing

By Sara Webb in London and Frank McGurty in New York

THE Bundesbank took Europe's government bond markets by surprise with a half-point cut in key interest rates yesterday, triggering a wave of easing in the Netherlands, Belgium, Switzerland, Italy and Austria, while raising hopes of rate cuts in France, Denmark and possibly Spain.

The main trend of the day was a shift out of long-dated bonds in Germany and France into short-dated paper, leading to a steepening of yield curves, as investors hoped to benefit from the easing in interest rates.

GOVERNMENT BONDS

In Germany, the bund futures contract fell on the rate cut announcement, then perked up again before falling back to close lower on the day. Having opened at 100.47, it reached a high of 100.57, and ended at 100.06.

The cut in German interest rates led to speculation that the forthcoming inflation data due out over the next few days will show an improvement on the previous month and that the next batch of money supply figures will show a fall.

The shift towards short-dated paper was partly triggered by comments by Mr Tietmeyer, the chairman of the Bundesbank, that he sees little room for further a drop in long-term interest rates.

■ HIGH-YIELDING European bond markets rallied on hopes of lower interest rates, and yield spreads over the German 10-year bund narrowed to their lowest levels for Spain, Italy and Portugal. Late in the day, once the market had closed, the Bank of Italy announced a half point cut in the discount rate.

In Portugal, demand at the Treasury's auction of 10-year bonds was so strong that the auction size was increased from Es15bn to Es50bn. The average yield at the auction was 8.796 per cent. However, the market closed slightly lower on profit-taking.

■ UK government bonds picked up on hopes of lower interest rates, with short and medium-dated gilts gaining about a quarter point.

The gilt market largely ignored the release of disappointing trade figures yesterday morning – which showed that the non-EC trade gap increased last month to its highest level since February – and took its inspiration instead from the Bundesbank.

The news from Germany reignited hopes of a cut in the UK base rate, especially as sterling strengthened against the D-Mark, but some economists warned that the Bank of England was unlikely to cut before the November 30 budget.

The Liffe gilt future contract reached a high of 115.20, but closed up 0.04 higher on the day at 115.07. Long-dated gilts were little changed or else closed slightly lower.

■ JAPANESE government bonds tested new highs on hopes of lower money market rates, but traded down during the course of the session to close lower on the day.

Short-dated cash bonds remained firm while futures and long-dated cash bonds headed lower, leading to a steepening of the yield curve.

■ US Treasury bond prices fell yesterday morning in very light activity as traders chose to play down the significance of government figures showing a modest rise in unemployment benefit claims.

By midday, the benchmark 30-year government bond was down $1\frac{1}{8}$ at $104\frac{28}{32}$, yielding 5.893 per cent. At the short end of the market, the two-year note drifted $\frac{1}{32}$ lower to $100\frac{1}{16}$, to yield 3.857 per cent.

In the absence of any clearer economic indications, bond traders appeared to shrug off the Labor Department's report on a jump in initial claims for unemployment benefit in the week ended October 16. Analysts attributed the increase to technical factors rather than any deterioration in the labour market.

FT FIXED INTEREST INDICES

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 15	Year ago	High *	Low *
Govt.Secs (UK)	103.46	103.31	102.66	102.95	102.72	92.87	103.46	93.28
Fixed Interest	125.03	124.69	124.14	124.38	124.01	105.61	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Oct 20	Oct 19	Oct 18	Oct 15	Oct 14
Gilt Edged Bargains	118.6	112.1	98.6	102.6	103.1
5-Day average	107.2	104.8	103.5	106.4	108.0

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	121.5930	+0.077	6.49	6.62	6.76
BELGIUM		9.000	03/03	112.5500	+0.300	7.12	7.25	7.21
CANADA *		7.500	12/03	108.2500	+0.100	6.64	6.70	7.05
DENMARK		8.000	05/03	111.3000	+0.030	6.38	6.49	6.82
FRANCE	BTAN	5.750	11/98	101.6208	+0.305	5.37	5.57	5.66
	OAT	6.750	10/03	106.3500	-0.050	5.89	5.96	6.09
GERMANY		6.500	07/03	104.3100	-0.285	5.90	5.94	6.05
ITALY		10.000	08/03	108.7050	-0.065	8.85†	8.99	9.54
JAPAN	No 119	4.800	06/99	108.0108	+0.075	3.14	3.19	3.43
	No 157	4.500	06/03	106.3581	-0.076	3.74	3.80	3.93
NETHERLANDS		7.000	02/03	108.1800	-0.210	5.83	5.87	5.94
SPAIN		10.900	06/03	116.4000	+0.720	8.36	8.72	9.21
UK GILTS		7.250	03/98	104-25	+5/32	6.01	6.21	6.41
		8.000	06/03	108-30	+4/32	6.72	6.85	7.04
		9.000	10/08	117-19	-1/32	7.08	7.20	7.35
US TREASURY *		5.750	08/03	103-15	-12/32	5.29	5.22	5.42
		6.250	08/23	105-10	-23/32	5.87	5.88	6.08
ECU (French Govt)		8.000	04/03	111.4500	-0.170	6.35	6.44	6.64

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

HK convertibles find wide appeal

By Simon Davies in Hong Kong

HONG KONG companies, cashing in on the burgeoning economic appeal of China, are falling over themselves in the rush to issue convertible bonds.

Wharf Holdings set the ball rolling in June with a HK$400m Euroconvertible bond, since when the number of issues has mushroomed, as companies take advantage of low interest rates and a strong Hong Kong stock market.

Mr Edward Cheng, finance director of Wharf, said: "Everyone is happy. The company gets cheap finance, the shareholders don't get substantially diluted, and the international investors get exposure to Asian equities."

Two years ago, this sort of financing would have been unthinkable. Wharf's convertible has a seven-year term, so it straddles the 1997 hand-over of Hong Kong to China.

This is an event which international investors have until recently viewed with profound unease.

The major change has been the perception of economic growth in neighbouring China, both by Hong Kong companies and outside investors.

In Hong Kong, companies have traditionally maintained low debt ratios. However, the move to raise exposure to the future sovereign nation has rapidly gathering pace as economic revolution in China is increasingly considered to be irreversible.

Property developers have been the most active borrowers, having signed up land sites and infra-structural projects in China, at a time when high Hong Kong property prices have limited their access to credit lines from a nervous banking sector.

For overseas investors, China was the reason for the traditionally low valuations of the Hong Kong stock market, but it has now become a major attraction at a time when the cash balances of international institutions are at record levels.

US and European investors have been driven out of bonds and commercial debt in their domestic markets, so the offer of higher yielding instruments with an equity kicker into a fast growing equity market, is proving an easily saleable alternative.

So far this year, Hong Kong companies have raised more than HK$2.15bn through nine issues of either convertible bonds, or preference shares, and a further HK$250m from a Eurobond issue.

This compares with HK$1.02bn raised through rights issues, and HK$2.99bn through straight equity placements in the first nine months of the year, making it a substantial portion of this year's capital raising.

The success of early issues is rapidly catching on. Initial issuers were blue chip property investment or development companies, such as Wharf, Amoy Properties, Sun Hung Kai Properties and Sino Land, and mainland-backed companies, such as Guangzhou Investment and Guangdong Investment.

However, the latest confirmed issue is by Johnson Electric, a manufacturer of micro-motors, which is raising HK$125m through a convertible bond.

Two other second-line companies, Shun Tak and HKR International, have also announced plans to raise a total of HK$300m: their success will indicate the depth of the potential market, and the likelihood of a far broader range of issues.

In the meantime, convertible issuers are gaining a further positive side affect. Hong Kong investors are generally averse to the diluting effects of equity share placements, and they have, therefore, welcomed the availability of short-term financing to companies in exchange for long-term dilution at a much higher price – the convertibles have switched into equity at a premium of more than 20 per cent to the current market price.

The share prices of issuing companies have performed accordingly and, since the management in Hong Kong companies tends also to be the controlling shareholder, the convertible issue is becoming an increasingly beguiling formula.

Sweden to raise $1bn through seven-year global FRN issue

By Antonia Sharpe

THE irreversible trend towards a global bond market gathered momentum yesterday when the Kingdom of Sweden announced its intention to raise at least $1bn through a three-year issue of global floating-rate notes (FRNs).

Several sovereign borrowers have issued FRNs in the Eurobond market this year but Sweden's forthcoming deal, which will be jointly led by Lehman Brothers and JP Morgan, marks the first sovereign global FRN offering.

The joint leads of Sweden's deal said that demand among international investors for FRNs was firmly established. In addition, there was growing interest among domestic US investors for this kind of paper in view of the perception that US interest rates were close to the bottom of their cycle.

The joint leads declined to comment on the pricing of the notes, but the market expects Sweden to achieve an all-in cost of five or six basis points below the London interbank offered rate (Libor).

Among yesterday's issues, two banks took advantage of continued investor demand for high-yielding paper to raise subordinated debt in the Eurobond market.

INTERNATIONAL BONDS

HSBC Holdings raised lower tier-two capital through a $250m issue of collared FRNs due 2008 while Société Générale raised upper tier-two capital through a £100m issue of undated Eurobonds.

However, both issues are likely to be called in 2003, given the penal nature of the step-up which comes into effect in that year.

The structure of HSBC's issue enabled the bank to make the most effective use of capital under international banking guidelines. Rather than starting to be amortised after five years, the structure allows the entire proceeds of the issue to count as capital for 10 years.

In addition, HSBC achieved an all-in cost of funds of Libor plus 40 to 50 basis points, which represented a big improvement since March when it paid Libor plus 100 basis points for 10-year funds raised in the US domestic market.

HSBC's bonds pay six-month Libor minus 25 basis points, but since Libor is currently at 3¼ per cent, investors will receive the minimum interest rate on the notes of 5 per cent.

Elsewhere, the recent flow of Euroconvertible bond issues from emerging markets continued as Reliance Industries, India's largest private-sector company, raised $125m through an issue of six-year convertible bonds.

Lead manager Morgan Stanley said the issue was already several times oversubscribed and there was strong demand from foreign institutions who have permission from the Indian government to invest directly in Indian companies.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
HSBC Holdings(a)‡	250	(a)	100R	Nov.2008	0.50R	-	Samuel Montagu
Indah Kiat Pulp & Paper Corp.	175	8.875#	99.921R	Nov.2000	1.50R	+400(5½%-00)	Morgan Stanley Intl.
San Paolo (Nassau Branch)‡	150	(b)	99.90R	Nov.2005	0.50R	-	Kidder Peabody Intl.
Banco de Credito Argentino	*135*	*8.50#*	*99.88R*	*Oct.1998*	*1.375R*	*+390(4¾%-98)*	*Merrill Lynch Intl.*
Reliance Industries(c)§	125	(3½-4)	100	Nov.1999	2.50	-	Morgan Stanley Intl.
Banco del Atlantico	100	7.875#	99.655R	Nov.1998	0.875R	+330(4¾%-98)	JP Morgan Securities
Svenska Handelsbanken‡	100	(d)	100.025R	Nov.1995	0.125R	-	Sanwa International
STERLING							
Société Générale(e)	100	7.875	99.863R	undated	0.625R	+100 (8%-03)	Hoare Govett
YEN							
Yoshida Kogyo KK(f)	10bn	3.90	101.625	Nov.1999	1.875	-	IBJ International
Crédit Commercial de Fr.(g)	10bn	3.55	101.80	Feb.1999	1.875	-	Fuji Intl. Finance
FRENCH FRANCS							
Goldman Sachs O'seas Finance	1.5bn	6.00	99.538R	Nov.1998	0.35R	+65 (8½%-98)	Banque Nationale de Paris
Société Générale Accept.‡	1bn	(h)	99R	Feb.2004	0.50R	-	Société Générale
GUILDERS							
ABN Amro Bank	300	6.25	99.55R	Jan.2009	0.30R	+22(6¼Sep07)	ABN Amro Bank
AUSTRALIAN DOLLARS							
State Bank of South Australia	125	6.50	101.50	Nov.2000	2.00	-	Samuel Montagu
SWISS FRANCS							
SNCF	200	4.125	102.50	Dec.2005	-	-	Credit Suisse
Swedish Export Credit	60	4.25	102.375	Jan.2008	-	-	Swiss Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8¼%. Callable in Nov.2003 at par; if not called coupon pays 6-month Libor + 1.4% (no min. or max.). b) Coupon pays 6-month Libor - 0.25%; minimum 5⅝%, maximum 8¼%. c) Fixing: early next week. Conversion premium indicated at 8-12%. Puttable in Apr.1999 at 125-175bp over Treasuries. Callable from Apr.1997, subject to 140% rule, for 2 year. d) Coupon pays 3-month Libor + 0.15%. e) Callable on 25/11/2003 at par and every 5 years thereafter. If not called coupon is reset at the higher of the existing coupon or the then benchmark 5-year gilt + 200bp in 2003 and + 240bp thereafter. f) Short 1st & 2nd coupons. g) Short 1st coupon. h) Coupon pays 7% fixed (money market basis) for 1st 9 months and 15% - 1.85 x 3-month Pibor thereafter.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on October 21

	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	59	11	10
Other Fixed Interest	0	5	10
Commercial, Industrial	340	194	882
Financial & Property	211	103	509
Oil & Gas	16	17	45
Plantations	2	1	5
Mines	48	15	75
Others	49	38	48
Totals	725	384	1,582

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	121	94	Anglian Water Wts	115		-	-	-	-
100	60		62	53	BZW Endowment Fund	55		-	-	-	-
90	F.P.	-	122	95	Crocklards	122	+5	W5.2	2.3	5.3	9.7
100	F.P.	-	98	93	Fleming Chinese Inv Tst	97	+1	-	-	-	-
-	F.P.	-	59	53	Do. Warrants	58	+1	-	-	-	-
-	F.P.	-	70¼	67	For & Col Special Inc	70		-	-	-	-
-	F.P.	-	48	42	Do Capital	42		-	-	-	-
-	F.P.	-	116	109	Do Units	112		-	-	-	-
-	F.P.	-	104	103	Do. Zero Div. Pf.	103¼		-	-	-	-
-	F.P.	-	111	105	Gartmore Shared Equity	111		M8.6	-	10.8	-
130	F.P.	-	141	139	Hamlet	139		15.8	2.8	5.2	12.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Oct. 11
- Last Dealings Oct. 22
- Last Declarations Jan. 13
- For settlement Jan. 24

3-month call rate indications are shown in Saturday editions.

Calls: Aegis Group, Cluff Res., Goldsmiths, Premier Cons., Rhino, Spring Ram, Southern Deep and Tadpole Tech. Puts: Ex-Lands, Goldsmiths, Greycoat and Kingfisher. Put & Call: Shandwick.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Equity premiums are based on closing offer prices. Index options are settlement prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu Oct 21	Day's change %	Wed Oct 20	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.90	+0.09	128.79	1.41	9.80
2	5-15 years (23)	157.30	+0.16	157.05	1.54	11.06
3	Over 15 years (8)	178.77	-0.09	178.93	2.34	9.70
4	Irredeemables (6)	212.55	+0.40	211.70	4.27	8.83
5	All stocks (62)	152.64	+0.09	152.50	1.85	10.51
	Index-Linked					
6	Up to 5 years (2)	190.38	+0.32	189.75	0.28	4.28
7	Over 5 years (11)	187.25	+0.15	186.98	0.67	4.29
8	All stocks (13)	186.65	+0.17	186.34	0.63	4.27
9	Debs & Loans (66)	144.97	+0.05	144.89	1.84	9.50

	AVERAGE GROSS REDEMPTION YIELDS		Thu Oct 21	Wed Oct 20	Year ago (approx.)
	British Government				
1	Low	5 years	6.00	6.01	6.99
2	Coupons	15 years	6.92	6.92	8.44
3	(0%-7¾%)	20 years	7.04	7.05	8.76
4	Medium	5 years	6.24	6.28	7.43
5	Coupons	15 years	7.07	7.07	8.85
6	(8%-10¾%)	20 years	7.14	7.13	9.16
7	High	5 years	6.40	6.44	7.63
8	Coupons	15 years	7.27	7.29	9.20
9	(11%-)	20 years	7.28	7.31	9.34
10	Irredeemables(Flat Yield)		7.17	7.20	9.18
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.15	2.25	2.71
12	Inflation rate 5%	Over 5 yrs.	3.10	3.11	3.86
13	Inflation rate 10%	Up to 5 yrs.	1.30	1.38	1.90
14	Inflation rate 10%	Over 5 yrs.	2.91	2.92	3.67
15	Debs &	5 years	7.71	7.70	8.88
16	Loans	15 years	8.01	8.01	10.22
17		25 years	8.13	8.13	10.39

Shares fall after chairman strikes cautious note on current year outcome

Lower exceptionals help A Fisher

By Andrew Bolger

SHARES IN Albert Fisher fell 5p to 75p yesterday after the food processing and distribution group struck a cautious note when announcing its annual results.

The group made pre-tax profits of £31.5m in the year to August 31, compared with a restated £25.9m under FRS 3. This was after an exceptional charge of £15.4m to cover disposals, compared with £34.2m previously.

Total sales rose from £1.2bn to £1.28bn.

Mr Stephen Walls, executive chairman, said: "The outcome for the current year will continue to be affected by the pace of economic recovery in our markets as well as the need for restoration of greater balance in supply and demand in key products and markets."

However, he also stated that there had been considerable progress made in repositioning the group by strengthening management, reducing costs, acquiring complementary businesses and disposing of non-core operations.

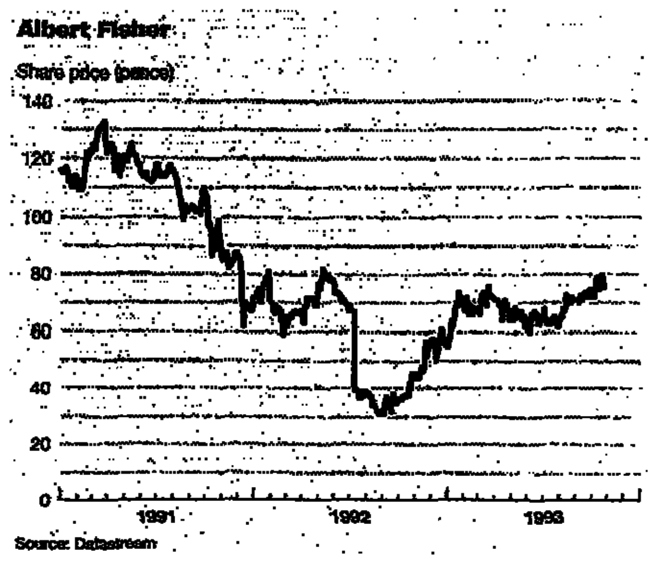
Operating income from European food processing fell from £28.4m to £21.5m. The company blamed a large part of the decline to Mondi Foods, its frozen fruit and fruit concentrate business, which was hit by a worldwide glut of apples and the political upheaval in eastern Europe, which resulted in large falls in volumes and prices.

The European seafood division increased operating income from £7.7m to £10m. The group said synergies between the companies had been realised during the year, particularly the networking of sales.

Operating income from the European fresh produce division fell from £7.5m to £6.4m.

North American fresh produce increased operating income from £10.8m to £11.6m. Early signs of recovery in the south-east of the US were not sustained consistently in the second half, and the West Coast – in particular southern California – continued in recession.

Earnings per share rose to 2.49p (1.78p). The final dividend was held at 1.9p to maintain the final at 3.75p.



Source: Datastream

● COMMENT

The share price fall was not surprising, given the caution over trading and the fact that the shares had already doubled in the last year. The City is pleased that Mr Walls seems to have completed the first phase of his clean-up after the reign of his acquisitive predecessor, Mr Tony Millar. However, serious doubts remain over whether the group can secure high-margin business – or will remain dogged by the random fall-out from produce gluts, crop failures and political turmoil. Forecast full-year profits of £53m put the shares on an undemanding prospective multiple of 12.5. They are underpinned at that level by a yield of more than 6 per cent. There seems little downside at this level, but the shares will not be significantly uprated unless and until profits represent a more significant proportion of sales.

Frost seeks £21.3m to repay bank borrowings

By Catherine Milton

FROST GROUP, the UK's largest independent petrol retailer, yesterday launched a cash call to raise £21.3m to repay bank debt and clear the way for further acquisitions.

The 5-for-1 rights issue of 11.7m new shares at 187p apiece is fully underwritten by Credit Lyonnais Laing. Frost's shares slipped 1p to 224p.

Without the issue the company believed debt would reach some £18.4m by its December year-end which would mean gearing of 60 per cent of balance sheet values.

After the issue Frost will have about £3m in cash and the company will be ungeared.

Mr James Frost, chairman, said: "This leaves us in a similar position to two years ago when we floated. The difference is two years ago we had 79 sites and by the year end we expect to have 180.

"The long term target at the time of the float was to get to 250 sites. Because we have purchased at an accelerated rate we now expect to reach that target in the short term with a new long term target of 500 sites."

The company expects to have invested £32.6m in the acquisition and redevelopment of petrol retailing sites by the end of 1993.

"We believe that, in the near future, there will be many further opportunities to acquire sites on advantageous terms, provided that the group has the balance sheet strength and financial flexibility to be able to act quickly."

Refinancing for London & Met

By Richard Gourlay

LONDON & Metropolitan, the property company that was rescued by its banks in 1991 but spent much of the time since in intensive care, yesterday announced terms of another refinancing.

The agreement includes the conversion of £29.8m of debt into ordinary equity, leaving the banks, led by Bank of Scotland, with about 70 per cent of the equity.

Existing shareholdings will be diluted down to 25 per cent of the equity.

The maturity of a further £25.8m of debt has been extended and the banks are to make available a new working capital facility of £4.5m.

Some of the group's other banking facilities have been made non-recourse, helping to reduce net liabilities by £31.7m.

The restructuring leaves London & Metropolitan with positive net worth of £1.2m and assets per share of 2.7p. Before the deal the group had negative net worth of £60.3m.

London & Metropolitan became over-exposed in the late 1980s, a developer-trader with little investment income. In 1991 the banks rescued the company on the assumption that the property market recession would not persist.

The company developed, but no longer owns, the Whiteleys shopping complex in Bayswater and Distillers House in St James Square. It still has a small investment portfolio.

Mr Chris Harris, chairman and managing director, said the restructuring was a vote of confidence in the current management's ability to take the group forward.

"We have some interesting new opportunities like factory outlet shopping", he said.

Under the restructuring preference shares are being converted to deferred shares and cancelled.

The group also announced that for the six months to June 30 it incurred a pre-tax loss of £3.45m (£4.44m) on turnover of £14.9m (£19.6m).

Losses per share were 5.6p compared with 6.8p.

Jarvis cuts deficit to £630,000

JARVIS, which is involved in property investment, construction and development, cut pre-tax losses from £1.72m to £630,000 for the six months to June 30.

Mr Harvey Bard, chairman, said the improvement followed actions taken last year to reduce operating capacity, and the continuation of the policy of only bidding for work when a positive margin could be anticipated.

The building division continued to experience poor trading conditions, he said. Civil engineering had improved its order book though margins had remained tight. Following a reconstruction the fitting-out company had achieved a significant improvement.

Mr Bard said that in the second half a further loss was expected in the construction side. That would be partly off-set, however, by an additional contribution from property investments.

In June, Jarvis acquired a 34 per cent interest in Chapel Wharf, a joint venture company formed to develop a 9 acre site in Salford. Its two partners are DC Thompson and the City of Salford.

Turnover declined to £36m (£48m). Losses per share were reduced to 2.8p (8.1p) and again there is no dividend.

Gleeson withstands recession with £8.2m

By Catherine Milton

MJ GLEESON yesterday became the second family-run, small, quoted construction company this week to withstand the worst effects of the recession, reporting pre-tax profits down from £9.94m to £8.2m in the year to June 30.

Earnings per share fell to 57.54p (67.1p). However, using the strong balance sheet as justification, the board is proposing a maintained final dividend of 9.4p giving a same-again total of 12.75p.

"We have never become over exposed in any one area," said Mr Colin McLellan, finance director. "We have tended, in good years, to invest money in land and commercial property in a small way. We have never got involved in huge schemes."

On Monday, Henry Boot, the Sheffield-based construction and property company, announced pre-tax profits up from £2.21m to £2.35m.

Gleeson said prospects for the UK construction industry were poor, although the housebuilding division had experienced an improvement in sales during the past half year.

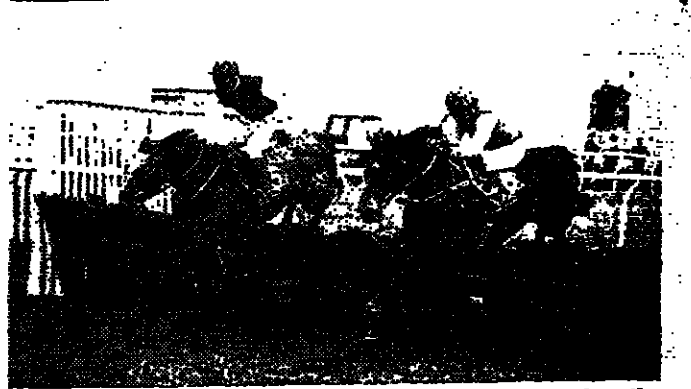
Turnover fell to £168m (£183.1m) as building, contracting and civil engineering declined. "There was a lot of competition and not enough work," said Mr McLellan.

A decline in gross profit to £15.1m (£18m) was not offset by higher rental income of £5.02m (£4.6m). The company said it had let more properties.

Although cash balances rose from £13.5m to £16.1m over the year, interest received fell to £831,000 (£1.72m) as rates fell. Interest payments fell to £58,000 (£326,000) the company having redeemed £2.8m in loan notes issued at the time of the 1991 acquisition of Colroy, the house-builder. The cash was generated by rental income and the selling of more land than it bought in its housebuilding division.

"Work in progress went down by about £3m. We are keen to buy more land but land prices seem to us to be rising faster than house prices," said Mr McLellan.

The company said planned spending on housing land and investment property meant that bank balances were unlikely to be sustained at year end levels.


Richard Dunwoody, champion national hunt jockey, takes the lead over the last to win a hurdle race at Kempton Park

Starters' orders for three London racecourses

By David Blackwell

EPSOM, home of the Derby, came under starters orders yesterday as the Horserace Betting Levy Board put it up for sale along with Kempton Park and Sandown Park.

The board – a statutory body which collects a levy from bookmakers for the benefit of the racing industry – acquired the three courses more than 20 years ago.

Together they comprise almost 1,000 acres of land inside the M25, and were considered to be in danger from property developers. Estimates of their value now range between £20m and £50m.

Mr Rodney Brack, chairman of the Levy Board, said yesterday that the privatisation of the courses, which traded profitably last year, had been under consideration for the past two years.

Racecourse Holdings Trust, a subsidiary of the Jockey Club, immediately said it would be making an offer. The trust owns nine courses, including Cheltenham and Newmarket, and ploughs all its profits back into racing.

Mr David Hillyard, managing director, said the value would have to be based on the possible returns from racing, and dismissed a figure of £50m as "fanciful."

Mr Tim Neligan, managing director of United Racecourses, said that the trust seems to be the favourite.

Ferguson advances to £5.24m

By Peter Pearse

FERGUSON International Holdings, the labels, hangers, communications components, printing and publishing group, reported pre-tax profits up from £4.7m to £5.24m in the six months to August 31.

The rise was struck on turnover up from £61.8m – of which £3.86m was from discontinued operations – to £65.6m.

Mr Denis Cassidy, chairman, called it "a good first-half performance". Three of the four divisions lifted operating profits, while sales grew at all four.

Further, the group has secured, as successor to Mr Michael Saint, Mr Ronald Irving of Christian Salvesen as group managing director.

Profits in labels, the group's main business, grew 11 per cent to £3.03m on turnover up 8 per cent to £30.2m, three quarters of which comes from the UK. Some 60 per cent of the labels are for clothes and the balance for food, though Design Mark Industries of the US, which makes pressure sensitive panels, also falls within the division. Work has been carried out to restore to profit the Hong Kong labels business, which is essential for clothing manufacturers which source from the Far East.

Lower prices in Europe led to profits falling to £1.21m (£1.33m) in hangers on turnover up at £16.6m (£15.6m). Earlier this month, Ferguson bought Red Wing Products for $11.5m (£7.5m), giving the hangers side a US presence.

Profits at the US cable components side were up 42 per cent to £1.02m on turnover up 47 per cent to £13.1m, though stripping out currency gains reduces the rises to 17 and 21 per cent respectively.

The disposal of the printing and publishing division, which made £344,000 (£243,000) on sales of £5.61m (£5.46m), has not yet been completed.

Earnings rose to 10.4p (9.3p) per share and the interim dividend is held at 4.25p.

Parkland shares surge on enfranchisement proposal

By John Murrell

SHARES OF Parkland Textile (Holdings) soared yesterday as the woollen yarn and worsted cloth manufacturer accompanied a sharp recovery in interim profits with a proposed enfranchisement of its A shares.

The ordinary shares surged 105p to 365p while the A shares jumped 48p to 221p.

On the back of a 15 per cent rise in turnover to £27.1m in the half year to August 27, the Bradford-based group swung from losses of £309,000 to profits of £970,000 pre-tax.

The interim dividend is doubled to 2p, payable from earnings of 12.1p (losses of 4.8p).

The directors anticipated that generally stable conditions would prevail in the second half "provided the threat of increased taxation does not affect consumer confidence."

Following receipt of part of the proceeds of a discontinued business half year gearing was reduced from 43.2 per cent to 26.2 per cent.

Interest charges were trimmed from £464,000 to £231,000.

In the yarn division, volumes remained static but margins improved "modestly" at Knoll Spinning largely because of increased exports.

Volume advances generated by the fabric division in 1992-93 continued throughout the first half with "considerable growth" achieved in all areas.

To compensate for dilution of their voting rights, existing ordinary shareholders will receive a scrip issue on a 4-for-5 basis.

The group is to change its name to Parkland Group.

Two further Lloyd's trusts

By Richard Lapper

PATHFINDER prospectuses for two investment trusts for the Lloyd's insurance market backed by Samuel Montagu and SG Warburg were published yesterday. Names voted on Wednesday in favour of new rules permitting Lloyd's to draw capital from corporate members.

New London Capital, which is sponsored by SG Warburg, aims to raise £160m, mainly from institutions. Advised by Chartwell Advisers, a subsidiary of Chartwell Re, a London reinsurance company, it will focus on about 20 separate syndicates, targeting specific sectors of the Lloyd's market.

London Insurance Market Investment Trust will be the largest of the new corporate members. It is sponsored by Samuel Montagu, the merchant bank, and James Capel and aims to raise about £280m, although this could be increased to £300m.

It is expected that some £70m of this amount will come from retail investors, the remainder having been conditionally placed with institutions. Applications will be for a minimum of 1,000 shares at an offer price of £100 per share.

Limit says that it has obtained binding commitments from 98 syndicates for the provision of £480m of underwriting capacity.

New corporate members can underwrite £2 of premium income for every £1 of capital. Eight agencies manage 56 of the syndicates which will be supported by Limit.

Fenchurch Underwriting Agencies, the Lloyd's agency, has been retained to advise on a consultancy basis, but Limit does not intend to appoint an external Lloyd's adviser.

Approximately 90 per cent of funds will be invested in a portfolio of listed equities, with the balance invested partly in sterling fixed interest securities.

Towry Law pathfinder

Towry Law issued a pathfinder prospectus for an institutional placing that will value the the chain of independent financial advisers at £25m-£30m.

The company, which has net cash of over £5m, is not raising any money through the placing. Mr Cecil Law, chairman, will be placing 10 per cent of the shares, reducing the stake held by himself and his family trusts to about 41 per cent. The pension fund is placing a further 16 per cent and directors, employees and former employees are selling a further tranche, making a total of 32.5 per cent.

The first day of trading is November 11.

WPP in $14.6m disposal

WPP, the heavily-indebted marketing services group, has sold its 64 per cent interest in Fallon McElligott, the US advertising agency, for $14.6m (£9.6m), writes Diane Summers.

The group owns 80 per cent of Scali, McCabe, Slaves, the US advertising network, which, in turn, owns 80 per cent of Fallon McElligott.

WPP said $10m of the $14.6m was paid in cash and the balance in an interest-bearing note repayable over five years.

The group said the effect of Fallon's results on WPP's consolidated revenue and trading profits had been "immaterial". The sale, which was to Fallon's management, "does not give rise to any material exceptional charge or gain," said WPP.

In the half year to June 30 WPP's average net debt was £372m. Last month it sold Seiniger Advertising, the Los Angeles-based producer of marketing campaigns for films, for $6.9m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Airflow	int	1	Jan 5	1	-	3
Air London §	fin	1.9	Dec 8	1.9	3.5	3.5
Albert Fisher	fin	1.9	Jan 5	1.9	3.75	3.75
BB&EA	fin	5.5	Dec 20	nil	8	nil
Chesterfield	int	4	Dec 30	3.5	-	11
Contra-Cyclical	int	2.25‡	Nov 30	2.25	-	12.75
Ferguson Intl	int	4.25	Dec 8	4.25	-	12.5
Gleeson (MJ)	fin	9.4	Jan 13	9.4	12.75	12.75
Hoare Smaller	int	1	Dec 10	-	-	-
London Atlantic	int	0.78	Dec 9	0.78	-	3.07
New Throg (1983)	int	1.5‡‡	Mar 9	1.5	-	6.75
Parkland Textile	int	2	Jan 11	1	-	2
River/Merc Gear	int	1.4‡‡	Dec 29	1.14	-	7.525
Safeland	int	0.6	Jan 12	0.06	-	0.5
Yorklyde	int	2.2	Dec 3	2*	-	5.2*

Dividends shown pence per share net except where otherwise stated. §USM stock. *Adjusted for scrip issue. ‡Second interim; makes 4.5 to date. ‡‡Second interim; makes 3p to date. ‡‡Second interim; makes 2.8p to date.

Proceeds to fund acquisitions from Ugland family

Bristol Channel Ship launches £19m rights

By David Blackwell

BRISTOL CHANNEL Ship Repairers is to launch a rights issue to fund three acquisitions from the Norwegian shipping family that took control earlier this year after an acrimonious struggle.

The issue is expected to raise almost £19m net of expenses.

The company will pay a total of £16.1m for Ugland Brothers, a ship management business, UB Shipping, which owns nine general cargo vessels, and a deep sea car carrying vessel.

Mr Andreas Ugland, chairman designate of BCSR, and his family interests hold almost 30 per cent of the shares. The Ugland group of companies are taking up their full entitlement of the rights.

BCSR shareholders will vote on the proposals, including a name change to Ugland International, at an extraordinary meeting on November 15.

Mr Ugland plans to concentrate on managing and developing the company.

The board argues that the combination of BCSR's updated repair operations in Swansea with the Ugland businesses will "provide the foundations for a significant intergrated international shipping group."

BCSR's shares were suspended in August at 8p pending the reorganisation.


Andreas Ugland: foundations for a significant integrated group

The 80m existing 10p shares will be consolidated into 4m ordinary shares, with a nominal value of 20p and an effective worth of 160p.

The company is offering a further 19.96m ordinary shares at 100p each. After the rights the share capital will consist of 23.96m ordinary 20p shares.

The balance of the rights issue after the Ugland take-up is underwritten by Nomura International.

Joint stockbrokers to the issue are Kleinwort Benson in the UK and Fondsfinans in Norway.

The cancellation of the 10p shares and commencement of dealings in the 20p shares is expected on November 18.

Starmin to fight legal claim of £500,000

By Catherine Milton

STARMIN, the quarry products company chaired by Lord Parkinson, the former cabinet minister, is facing a legal claim of more than £500,000 in compensation for loss of office from its former chief executive.

Mr Osman Abdullah, whose resignation from the £160,000-a-year executive post was announced a month before the company said pre-tax losses were millions of pounds deeper than previously published, holds a stake of almost 6 per cent in the company.

"I have to protect myself. One should not confuse my shareholding, my shares in the company as opposed to my personal situation within the company", he said.

Starmin said it would "strenuously resist" the claim: "We believe the claim is more than adequately provided for and we are confident that it will not be successful."

Mr Abdullah's two brothers hold equal stakes. One of them, Raschid, also resigned as an executive in July but was recently reappointed as a non-executive director of Starmin.

The resignations by the brothers, who built up the Evered aggregates company, coincided with Starmin's announcement of a review of accounting policies which led to the company rescinding its dividend and announcing 1992 pre-tax losses had been understated by £3.8m, deepening them to £11.9m.

Starmin said at the time that there was no suggestion of fraud.

A drive for clear objectives

Tim Burt reports on why BSG is undergoing a strategic review

FEW medium-size companies are driven by as many component parts as BSG International.

In Europe, North America, the Far East and Australasia the average car is likely to be fitted with wing mirrors, lights and a sunroof made by one of the group's subsidiaries.

If it is a family car there is a good chance the child seats have been manufactured by another division. In Britain the car itself may have been leased or sold by the vehicle distribution arm.

In the sky, the next aircraft passing overhead will more often than not be a Boeing. If so, many of the seats and interior fittings will have come off a BSG production line.

Unfortunately for the Midlands-based group, recession has not been kind to companies supplying equipment to users of roads and runways. Falling vehicle demand in continental Europe and for commercial aircraft worldwide has weakened BSG's performance.

In its recent half-year results, the company blamed weak consumer demand and falling car and aircraft production for flat pre-tax profits of £8.53m against £8.56m.

Operating profits fell by 5.6 per cent to £11.1m (£11.7m) – the result of airline cutbacks, a 15 per cent drop in European car output and higher than expected tax charges in some overseas markets.

According to industry analysts, the recession has served to expose some deeper problems in BSG's four business areas: automotive components; childcare products; aircraft interior equipment; and vehicle distribution and leasing.

They say the group is typical of a growing number of companies which are too diversified and need to re-examine their core activities.

Mr Richard Marton, who took over as chief executive in May, says he recognised the strains some time ago but is only now in a position to rectify them.


Richard Marton: has earmarked areas ripe for restructure

On October 1 he ordered a strategic review of the group to examine the entire structure and come up with a corporate plan, which will be implemented from the start of 1994.

Mr Marton, who was promoted from the company's consumer and special products division, is honest about the task ahead. "We have never really addressed the subject of a well-planned strategy. BSG has not gone very far because in the past decisions were made on an ad hoc basis. It was divide and rule."

He claims, however, that the realisation that the group's divisions were operating without strategic guidance did not grow solely with the worsening recession. There had been a legacy of little management planning.

Mr Marton is reluctant to criticise directly Mr Tom Cannon, his predecessor who resigned as managing director in May after 42 years with the company. But, he says: "We now have to develop the clear objectives that we've never had. In the past we didn't have the leadership to set out a new structure, so this review is long overdue."

The board, however, was reluctant to sanction an overhaul before it had strengthened the balance sheet. This it achieved through a £31.4m rights issue earlier this year. The funds raised have enabled the group to cut gearing and proceed with capital expenditure on things it is good at – namely, a £12m expansion of its US mirror plant near Detroit and a £7m investment in UK car dealerships.

With the rights issue past, the new chief executive has concentrated on earmarking areas ripe for restructuring.

As part of that process, the divisional structure has already been reorganised. The three operating arms – automotive, vehicle distribution and leasing, and consumer and special products which embraces aircraft parts and childcare goods – have been sub-divided along regional lines.

This is the foundation for the three-month review and reflects widely varying margins on BSG products in different markets. In the automotive division, for example, operating margins are healthy in North America and the Far East where the group's Britax subsidiaries have won lucrative contracts with companies such as Ford, Chrysler, GM, Mazda and Mitsubishi. But in Europe and the UK, falling car output has tightened margins.

Meanwhile, the lossmaking aircraft parts operation has won some big seat orders from airlines but turnover has declined because Boeing, its main customer, has scaled back 737 production.

These areas are now being scrutinised by a strategic review committee, which is likely to identify activities which no longer fit in with Mr Marton's vision of a focused company.

Potential candidates for disposal include Britax Weathershields, the sunroof manufacturer, the pushchair and nursery furniture side of the Britax childcare division, and Rumbold, the aircraft interiors subsidiary.

Mr Marton refuses to preempt the findings of the review committee, but admits "we'll be stronger if we dispose of one or two product areas".

The existence of such a committee, involving senior divisional managers and the main board, reflects his determination to arrive at a consensus on the group's future direction.

The growing opinion among analysts is that BSG needs to shed some operations. But they warn it would be unwise to put its aircraft business on the market before it could demonstrate a return to profitability.

Mr Marton acknowledges their concerns and says the company is not rushing to amputate lossmaking areas.

"We know we have to be fitter and more focused; that will take time. We also need to build values into the company – we've never had values before."

Chesterfield Properties doubles to £7.81m

A sharp reduction in interest charges, reflecting property sales and falling interest rates, was behind more than doubled interim profits at Chesterfield Properties, the investment and development group.

Turnover in the six months to June 30 amounted to £17.3m, against £20.5m restated for FRS 3, including £13.9m (£17.9m) from rental income.

After a profit of £3.38m on the disposal of its 60 per cent stake in a warehouse investment and interest payable of £5.13m (£9.85m), pre-tax profits emerged at £7.81m (£3.4m).

Interest of £1.18m (£1.87m) arising on development properties was capitalised.

Chesterfield's small entertainment division incurred a deficit of £184,000 (profit of £22,000).

Directors said the difficult trading conditions for theatres and cinemas in London's West End deteriorated further in the first half. "No improvement is yet evident", they added.

After tax and minorities, earnings per share jumped from 5.48p to 20.3p; the interim dividend goes up 0.5p to 4p.

David Brown pays £11m for Powell arm

By Andrew Bolger

DAVID BROWN Group, the West Yorkshire-based specialist engineering company, has agreed to buy the hydraulics and transmissions division of Hamworthy from Powell Duffryn for £11.1m.

It is the first acquisition by David Brown since it was floated in April with a market value of £90m.

The group's shares, which were launched at 170p, yesterday closed 22p higher at 223p.

The Hamworthy businesses being sold make power and drive systems for off-highway vehicles, transmissions for light rail traction, and a variety of gears.

They employ 630 people on two sites in Poole and Bath, and 90 sales and service staff overseas.

The businesses are currently breaking even after three years of losses and are likely to be extensively restructured by their new owners.

Mr Chris Cook and Mr Chris Brown, joint chief executives of David Brown, reduced their workforce by 400 to 1,400 in the three years before flotation, and said cuts of a similar magnitude would be required to get the acquisition to an acceptable level of profitability.

The enlarged group will have five UK gears plants, including the existing David Brown plants at Huddersfield and Penistone, in Yorkshire, and Sunderland.

A £6.2m provision for reorganisation covers the costs of closing one of the gear plants, although no decision will be made until the operations at Poole and Bath have been studied.

The chief executives said that as well as the initial benefits from cost-saving and rationalisation, the enlarged group would benefit from complementary product lines and a strong international sales network, which David Brown currently lacks.

Powell Duffryn, the distribution, storage and engineering group, said the disposal of this division would sharpen the focus of the remaining Hamworthy businesses – marine equipment, combustion and compressor systems.

Some £8.4m of the cash consideration will be raised by the placing of 4.4m new shares at 190p. The shares will be placed by BZW with institutional investors, but will be subject to clawback by existing shareholders on a 1-for-12 basis.

Safeland seeks £1.6m for expansion

Safeland is raising £1.58m net through a 1-for-3 underwritten rights issue. The property development and investment group also announced an increase in interim pre-tax profits from £36,000 to £345,000 for the six months to September 30.

The company, a subsidiary of the Panama-incorporated Safeland Holdings, said there were signs of improvement in the property market and the proceeds would be used for acquisitions mainly in the retail sector.

Safeland Holdings will not be taking up its rights entitlement resulting in its holding falling from 55.93 per cent to 41.95 per cent.

The Lipman directors, who include Mr Ray Lipman, chairman, and Mr Larry Lipman, managing director, will be taking up half their shares, leaving their aggregate holdings at 9.06 per cent, down from 10.35 per cent.

A total of 6.28m shares are being offered at 28p each. Safeland's shares closed at 44p, down 1p on the day.

Directors were optimistic that progress would continue.

Turnover was £4.78m (£5.99m). The pre-tax result was a 42 per cent increase on the total for the whole of the previous year.

Earnings per share were 1.25p (0.13p) and the interim dividend is raised to 0.6p (0.06p).

BB&EA back in the black with £2.3m

Including a full contribution from companies acquired from BM Group, turnover of British Building & Engineering Appliances surged from £7.8m to £43.4m while the building products concern returned to profits with £2.31m pre-tax for the year to June 30.

The outcome compared with losses of £1.29m for the previous 15 months.

BM has disposed of its 75 per cent holding in BB&EA, amounting to 8.41m shares, by way of a placing for £16m net by Albert E Sharp.

Mr Bob Paine, recently appointed chairman, said that BB&EA was greatly expanded in June 1992 when new management took over the running of the company. Now fully independent it would seek to expand both by acquisition and organic growth.

On prospects Mr Paine stated that order levels and some prices were showing improvements over last year, while the effects of cost savings already implemented were now working through.

Earnings per share amounted to 14.2p (60.2p losses) and the dividend is lifted to 8p (nil) with a proposed final of 5.5p.

NEWS DIGEST

Air London declines to £726,000

A DEPRESSED market and increased competition made for a difficult year at Air London International, the USM-quoted charter broker.

On turnover of £15.2m (£17.8m), pre-tax profits for the 12 months to July 31 fell from £1.09m to £726,000. Mr Tony Mack, chairman, blamed a difficult UK market and a 40 per cent fall in business from overseas for the lower turnover.

He added that the number of flights arranged had fallen by only 2.7 per cent but the average expenditure was 13 per cent lower.

The shares fell 7p to 68p.

Earnings per share were 5.6p (8.1p) but directors said that as the company was still generating cash they were recommending a maintained final dividend of 1.9p for an unchanged total of 3.5p.

Revenue up at River & Merc Geared

River & Mercantile Geared Capital and Income Trust reported net assets per capital share of 36.05p at September 30, compared with 32.15p at March 31 and 23.94p a year earlier.

Net revenue for the six months to the end of September was £549,000 (£479,000) for earnings per income share of 3.92p (3.42p). A maintained second interim dividend of 1.4p makes a total for the year to date of 2.8p.

Contra-Cyclical net assets advance

Net assets per capital share at Contra-Cyclical Investment Trust advanced from 26.2p to 52.4p over the 12 months to September 30. At March 31 the figure was 43.7p.

Net revenue for the half year to the end of September was £508,000 (£451,000) for earnings per income share of 6.35p (5.64p). A second unchanged interim dividend of 2.25p makes a total so far of 4.5p.

Net assets per zero dividend preferred share were higher at 65.9p against 59p a year before.

Net assets improve at London Atlantic

The net asset value of London Atlantic Investment Trust was 99p at September 30, an advance of 34 per cent on the 74p of a year earlier.

Net asset value at the March year-end was 87p.

Net revenue for the six months to end-September edged ahead to £711,000 (£701,000) for earnings of 1.56p (1.54p) per share.

The interim dividend is maintained at 0.78p.

Airflow falls to £464,000

Profits at Airflow Streamlines, a manufacturer of cabs for industrial tractors and trucks, fell from £860,000 to £464,000 pre-tax for the half year to August 31.

Turnover was static at £34.34m (£34.7m) – the company also has Ford car and commercial vehicle dealerships. Earnings emerged at 3.34p (6.44p) and the interim dividend is a same-again 1p.

Multitone shares dip on losses warning

Multitone Electronics blamed delays in a distribution agreement taking full effect and the introduction of a new product for the expectation that it will report a small loss for the six months to October 30.

Shares in the communication systems company fell 18p to 105p.

The market had been expecting profits of £1.7m for the year to April 30 1994. However, with the company predicting second half profits comparable to the same period last year it is thought that there should be a small overall profit.

Hoare Smaller net assets improve

Net assets per share of Hoare Govett Smaller Companies Index Investment Trust increased from 107.5p to 123.1p over the six months to September 30.

For the period since the trust's incorporation on October 5 1992 to end-September 1993 available revenue amounted to £636,939, equal to 2.23p per share. An interim dividend of 1p is declared.

Multitrust in bid talks

Multitrust is in discussions with a number of parties which, directors say, may or may not lead to a substantial acquisition which would result in the company losing its investment trust status.

Yorklyde rises 9% to £1.49m

Yorklyde, the Huddersfield-based maker of fine cloths, scarves and rugs, lifted pre-tax profits by 9 per cent, from £1.37m to £1.49m, in the half year to July 31. The shares rose 29p to 209p.

Turnover moved ahead to £7.87m (£7.37m) and operating profits rose from £1.29m to £1.44m. Other income dropped to £49,000 (£78,000).

Earnings advanced to 10.2p (9.4p) and partly to reduce disparity the interim dividend is lifted to 2.2p (2p adjusted).

Fleming European lifts net asset value

Fleming European Fledgeling Investment Trust reported a net assets of 88.3p per share as at September 30, up from 77.6p at the March year-end and 69.3p 12 months earlier.

Available revenue for the six months to end-September was £240,000 (£264,000) for earnings of 0.06p (0.66p) per share.

Davenport Knitwear advances by 62%

Davenport Knitwear, the Leicestershire-based knitted fabric and garment manufacturer, yesterday reported a 62 per cent rise in interim profits.

On turnover of £4.47m (£3.54m), the pre-tax line for the half year to June 30 rose to £607,000 (£374,000). Earnings per share were 23.45p (14.46p).

Crest Nicholson property sale

Crest Nicholson has sold or contracted on the sale of over 140,000 sq ft of mixed developments at a value of £27.6m, which exceeds the carrying value of the properties after expenses. The proceeds will be used to repay borrowings.

New Throgmorton (1983) net assets up

The split capital New Throgmorton Trust (1983) had a net asset value, fully diluted, of 159.3p per capital share at September 30, a rise of some 19 per cent on the trust's year-end figure of 133.9p.

The year-on-year advance was 95 per cent.

Net revenue improved from £734,000 to £871,000, equivalent to earnings of 2.23p (1.88p) per income share. A second interim dividend of 1.5p is declared, making an unchanged total so far of 3p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	18.05	18.07	18.07
0100	18.05	18.05	18.05
0130	19.07	18.05	18.05
0200	25.31	18.07	18.07
0230	26.16	18.07	18.07
0300	26.16	18.07	18.07
0330	26.16	18.05	18.05
0400	26.16	18.05	18.05
0430	26.16	18.05	18.05
0500	18.46	18.05	18.05
0530	18.35	18.05	18.05
0600	18.54	18.05	18.05
0630	24.78	18.08	18.08
0700	25.08	23.63	26.64
0730	26.68	26.14	29.15
0800	41.28	26.50	29.51
0830	41.52	27.61	30.80
0900	41.02	27.86	30.87
0930	31.04	32.35	35.38
1000	30.90	32.38	35.39
1030	30.74	27.88	30.89
1100	30.65	27.88	30.89
1130	30.65	32.38	35.39
1200	30.63	32.37	35.40
1230	30.55	32.35	35.38
1300	28.12	32.31	35.33
1330	28.78	26.49	29.50
1400	25.91	25.74	28.75
1430	25.90	24.88	27.88
1500	25.90	24.88	27.88
1530	25.80	24.87	27.88
1600	25.80	24.87	27.88
1630	25.80	24.89	27.89
1700	28.03	37.33	40.34
1730	28.80	37.33	40.34
1800	30.37	37.33	40.34
1830	38.27	24.87	27.88
1900	38.34	34.46	37.47
1930	38.10	36.00	39.01
2000	37.75	36.00	39.01
2030	25.78	35.03	38.04
2100	24.79	24.79	27.79
2130	24.78	24.79	27.79
2200	24.78	24.22	27.22
2230	24.78	24.22	27.22
2300	24.79	23.83	26.84
2330	19.87	20.75	23.76
2400	18.18	20.75	23.75

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. [illegible]

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JOBS: Latest count of executive job offers gives hope of return to sustained growth in demand

Behold – some good omens at last

"BEHOLD there ariseth a little cloud out of the sea, like a man's hand." So spake the prophet Elijah's omen-spotting servant on returning from the top of Mount Carmel some 2,850 years ago – and since he'd been sent up there six times previously only to see nothing, he no doubt spake with relief.

The Jobs column now knows how he must have been feeling, thanks to the accompanying table which has appeared regularly in this corner of the FT for a good 10 years. As always, it tracks changes in the United Kingdom market for managers and higher-ranked specialist workers, as gauged by the MSL International consultancy's three-monthly counts of executive-type jobs advertised in national journals.

Before directing attention to the equivalent of Elijah's cloud – which, as readers will recall, was a *good* omen – I'd better explain the table's workings. The upper part focuses on the 12-monthly period which ends on September 30, going back to 1988-89, and shows the number of job-openings advertised in eight broad types of executive work. Each opening is counted as one, no matter how many times the advertisement for it appears. The catch-all "Others" category, by the way, includes people such as buyers, company legal staff, economists and assorted consultants.

The eight separate counts are followed by the 12-monthly total. Then come the four quarterly tallies, covering all categories, of which the total is composed. As the advertised demand ebbs and flows seasonally, the percentage change after each three-monthly tally shows how it differs from the count for the corresponding quarter of the year before.

Now, measured by the number of omens offered, the table is more generous than the view from Mount Carmel that day nigh three millennia ago. Instead of one good portent, there are two. They are the plus signs before the latest percentage changes in both the 12-month total and the July-September quarterly count.

But although doubly blest in that respect by comparison with Elijah's servant, I doubt that his sense of relief could have been any greater than mine is today. For whereas he vainly scaled the mountain's peak only six times before spotting the cloud, I have returned to the jobs-market table no fewer than 18 times without seeing a plus sign in either of the two positions named.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(12 months to September 30)

Type of work	1992-93 Posts advertised	1992-93 Change from 91-92 %	1991-92 Posts advertised	1991-92 Change from 90-91 %	1990-91 Posts advertised	1990-91 Change from 89-90 %	1989-90 Posts advertised	1989-90 Change from 88-89 %	1988-89 Posts advertised	1988-89 Change from 87-88 %
Research & dvlpmnt	1,248	– 6.9	1,341	–38.1	2,166	–33.8	3,273	–26.1	4,431	+12.6
Sales & marketing	3,337	+37.4	2,428	+ 8.8	2,231	–21.4	2,840	–35.4	4,398	–29.1
Production	2,027	–13.1	2,332	–20.2	2,923	–47.0	5,512	–13.4	6,362	–16.7
Accounting	2,733	– 3.6	2,833	–18.4	3,473	–40.4	5,830	–17.5	7,064	–10.9
Computing	1,407	+46.4	961	–20.5	1,209	–50.2	2,430	–41.0	4,119	–10.5
General management	856	– 7.4	924	– 8.0	1,004	–23.9	1,320	– 5.3	1,394	–19.3
Personnel	355	–15.7	421	– 5.6	446	–46.1	827	–32.9	1,233	+15.8
Others	3,558	– 6.5	3,807	–11.5	4,303	–36.4	6,764	–15.4	7,996	+ 9.4
Total	15,521	+ 3.2	15,047	–15.3	17,755	–38.3	28,796	–22.2	36,997	– 8.4
Oct-Dec	2,936	–18.1	3,587	–32.5	5,318	–19.8	6,627	–26.8	9,048	– 2.2
Jan-March	3,955	– 2.5	4,058	–11.2	4,572	–45.6	8,397	–23.1	10,915	– 2.7
April-June	4,007	– 0.4	4,023	– 5.0	4,235	–44.6	7,641	–16.7	9,178	–13.4
July-Sept	4,623	+36.8	3,379	– 6.9	3,630	–40.8	6,131	–22.0	7,868	–15.8

The last time the most recent 12 months showed a rise in demand was in the spring of 1989. And a full five years has gone by since a three-monthly period produced an increase over the corresponding previous quarter, in July-September 1988. During the interval, the UK advertised market has plumbed the lowest depths recorded in the 34 years MSL has been keeping its counts. Indeed, even in the recession of the early 1980s, the tally for a 12-monthly period to September 30 never fell below 17,886 – 13.2 per cent more than the improved total of 15,521 just appeared.

So relief at seeing the two good omens is no occasion for joy unconfined. For they might well betoken mere momentary upturn rather than sustained recovery in the market as a whole. After all, of the eight categories in the upper part of the table, six ended last month still in decline.

Nevertheless, while the fate of my previous fits of optimism these past five years should perhaps have taught me better, my guess is that the growth will spread. One reason is the two successive rises shown by the sales and marketing category, which has consistently proved a lead indicator of UK demand for executives in general. True, its first rebound in 1991-92 has as yet been copied by only one other specialism, computing. But that may be because recovery of the advertised part of the market has been delayed by a special factor.

During the recession, huge numbers of able people made redundant through no fault of their own have put themselves on the books of recruitment agencies that keep registers of job-seekers in various fields, supplying lists of candidates on request from employers. Some large groups avalanched with speculative applications have apparently set up their own similar registers. Hence, for as long as the data-bases can provide adequate candidates, employers see less need to advertise their openings.

But the main reason for my expectation of a general return to growth is a further omen which, since the three-monthly counts lump all types of executive work together, isn't visible in the table. The third good sign is that not only did the quarter just ended bring a jump of 36.8 per cent in overall demand, but it saw all eight categories rise over their tallies for July-September 1992.

Even so, I cannot foresee the advertised market ever returning to the heights of the mid-1980s, when 12-monthly totals topped 40,000. And the reason for that longer run pessimism lies in the demand for innovative specialists represented by the research and development category.

A dozen years ago it rose steeply in advance of the boom for other types of staff. But since its 12-monthly peak of 7,538 in 1983-84 it has plummeted to a mere 1,248 jobs – only half the number offered in the depths of the previous recession in 1980-81.

Michael Dixon

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Your prime responsibility will be to drive the development of vision and strategies for NCR's retail banking business and to ensure that we have programmes in place to meet these strategies. To do this you'll need to understand our customers' needs and competitors' strategies. You will provide leadership and direction to over 2,000 employees worldwide and your decisions will have a direct impact on our £1 billion plus revenue objective. ● With a degree in Marketing or Business, you'll have several years strategic planning and market research experience. Teamworking, communications, strategic analysis, creative thinking and conceptual skills are particularly important for this senior management post.

STRATEGIC SOLUTIONS DIRECTOR

Your brief will be to source and develop relationships with selected global Solution Partners. In this demanding and high-profile role you'll influence the Division's ability to achieve revenue objectives in excess of £1 billion. ● You must be educated to degree level in a business or marketing discipline. In addition, an MBA qualification would be an advantage. A track record of progressively more senior marketing (and ideally sales) experience should be backed by sound commercial instincts, a sharp analytical mind, and above average communication and conceptual skills.

MARKETING SERVICES MANAGER

This is a high priority role which will involve you in defining and ensuring that we provide our clients, mainly blue-chip banks, building societies, etc with a range of professional services covering consulting, network services, systems integration, and customer education. ● A Business graduate, preferably an MBA, your five years + experience should include some time with a top IT Consultancy and ideally you will have been involved with the retail delivery side of banking.

MARKETING PROGRAMMES MANAGER

As a key member of a world-class marketing team, your remit will be to develop and deploy assigned marketing programmes for NCR's Self-Service and Financial Systems. Your marketplace is international, and will call on your banking and/or retailing experience and ability to marshal creative problem-solving and sound commercial skills to develop effective programmes and provide decisive leadership. ● A graduate with banking and/or retailing experience, and ideally an MBA, you must demonstrate a track record of progressively more responsible sales or marketing management. Able to analyse comprehensive data and achieve financial goals, you must have the intellectual skills to quickly grasp complex concepts.

Extensive overseas travel, superb opportunities for advancement, and upper quartile salaries reflecting the seniority of these positions will be backed by all the benefits of living and working in Tayside. These include reasonably-priced housing, superb natural leisure facilities, golf on some of the best courses in the world, sailing, skiing, climbing and easy access to the cultural attractions of Glasgow and Edinburgh. ● Write with a full c.v. indicating which post you are interested in to: Ian Hume, Manager - Employee Relations, NCR (Manufacturing) Limited, Kingsway West, Dundee DD2 3XX.

AT&T

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BANKING FINANCE & GENERAL APPOINTMENTS

CJA

RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP

Tel: 071-588 3588 or 071-588 3576

Fax No. 071-256 8501

Scope for career progression within an expanding department

YOUNG INVESTMENT ANALYSTS and Graduate Trainee

CENTRAL LONDON **£24,000-£28,000**

LEADING LIFE ASSURANCE ORGANISATION

Our client is expanding its Investment Department and now seeks two investment analysts (mid 20's) with 2-3 years' experience of researching the UK market gained with an institution or securities house. The successful applicants are likely to be graduates but IIMR qualifications are of greater importance. The investment style is traditional and risk averse with an emphasis on stock picking and the analysts have great influence in the investment process. Market sector responsibilities rotate giving the opportunity to gain broad ranging experience: planned growth and widening of the product range will give scope for career progression. Initial remuneration is negotiable £24,000-£28,000 + good benefits package (Ref.: YIA4917). We also seek a recent graduate, preferably with some investment experience, to train as an analyst - salary £15,000-£17,000 (Ref.: GIA4918). Please write in strict confidence to the Managing Director, CJA.

PASSIVE FUND MANAGEMENT

The "passive" unit of an international fund management firm in the City seeks to add a portfolio manager/trader to its global small companies team.

Candidates in their late 20s, early 30s with a relevant first degree (MBA a possibility) who are numerate, computer literate, know their way around a database and have some knowledge of computer programming should apply. The ideal candidate will also have index fund management or related experience in the financial sector. Duties encompass a range of activities associated with the management of pooled and segregated passive portfolios including client servicing. Good working knowledge of German or French is a plus.

A competitive compensation package is offered.

Please send your CV in writing to:

Box B1743, Financial Times,
One Southwark Bridge, London SE1 9HL

Derivatives

U.S. based Global Executive Search Group seeks experienced consultants for new office in London.

Call Nathan Cherson, *21-23 October*, on
Tel. (071) 839-9399
Fax (071) 930-8122

STOCKMARKET ADVISORY COMPANY

has positions open in both sales and handling private investors stockmarket portfolios. Stockmarket and sales experience preferred for both positions. Very good earnings and prospects with young expanding company. Age group approx. 25-30 yrs.

Phone: 071 403 3212 Ref: BRH

CORPORATE DEALER

A successfully proven team of Money Market and Foreign Exchange professionals are seeking a highly motivated Corporate Dealer to join the London operations of the Global Treasury team.

Candidates must have a minimum 3 years sales experience while possessing a sound working knowledge of MM, FX, Derivatives and Capital Markets. The incumbent will be part of a team with clearly defined profit targets.

Technical excellence and initiative at developing new markets is key. Additional European language skills a definite advantage.

Candidates should reply to:
The Vice President, Treasury
The National Bank of Canada
Princes House, 95 Gresham Street
London EC2V 7LU

NATIONAL BANK OF CANADA

Advertising Sales Executive

Institutional Investor, the renowned international financial magazine, seeks an experienced sales person for its London office. The ideal candidate will be experienced in selling advertising to either European banks or corporations and preferably fluent in French.

An excellent remuneration package, including a high basic salary is offered for the right candidate. In the first instance, please contact Trevor Fellows at the following address:

Institutional Investor
Imperial Buildings
56 Kingsway, London WC2B 6DX
Tel: 071 430 0881
Fax: 071 404 5455

Institutional Investor

INVESTMENT MANAGEMENT
Continental European Equities

Our client is a major European investment house with a strong international institutional client base. As a result of continuing growth, an opportunity has arisen to join the European equity team.

The successful candidate will be given specific country responsibilities and will focus on generating well-researched, bottom-up stock recommendations, following a disciplined investment approach. In addition, he/she will participate in strategy discussions to determine the country allocation of the European funds. Strong analytical skills are required, preferably gained in the Continental European markets and language skills are desirable. Aged mid-late 20s, the ideal candidate will have approximately 3 years' relevant experience and should be happy working as part of an energetic ambitious team.

For further information, please write in confidence, enclosing your cv, to Martin Symon at the address below:

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

As one of the world's premier financial institutions, GE Capital enjoys a reputation for excellence. Their European Equipment Financing division is a leading provider of sales financing programmes for manufacturers and distributors within a wide range of sectors including IT, office technology, healthcare and industrial equipment. Now, a strategic centralisation of service functions within the UK has created a rare and highly demanding career opportunity within their German region for an exceptional

CREDIT SPECIALIST

To £35,000 + Benefits

London

Your brief will centre around the analysis and approval of credit applications, carefully assessing and collating all relevant business information and legal and tax implications before recommending appropriate deal structures.

To date, your career will highlight your wide-ranging experience of credit gained within the Banking or Leasing field in Germany or the UK, and your intimate knowledge of German business culture and etiquette will prove invaluable to your success.

Naturally, fluent German will complement your effective communication skills as you negotiate credit issues and reviews with a variety of vendors and customers, and your assistance of the internal collections department will be welcomed in client discussions.

An attractive benefits package including full relocation assistance is applicable.

Please contact our consultants Ruth Almond and Russell Thackeray at CSA Management Consultants on 0256 - 818811 or write to us enclosing a full CV to Vickers House, Priestley Road, Basingstoke, Hants RG24 9NP.

USA*

GE Capital

An equal opportunity employer

HEAD OF MARKETING

North of England **DIRECTOR DESIGNATE** to £40,000 + car

Private Client Asset Management

Our client is an established and successful group of private client asset managers, with offices throughout the UK. It has remained profitable despite the recession and is now seeking to develop its excellent reputation by recruiting a Head of Marketing. This is a new role which will involve working closely with the management team in order to create and implement a marketing strategy for 1994.

Reporting directly to the Chief Executive, the incumbent will also be responsible for promoting a unified image for the group through media coverage and corporate literature. The individual will liaise with the sales team, providing motivation and training throughout the group, in order to increase group awareness and marketing potential.

Ideally, candidates will be graduates aged 28 to 40, with at least five years' experience in private client asset management or financial services. A track record of success in marketing and management is essential and a qualification in marketing would be advantageous. Strong inter-personal and presentation skills are required for this exciting and challenging role.

Interviews will be held in London and the North of England and assistance will be available for relocation, where applicable.

Interested candidates should send full curriculum vitae, including details of current salary, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference number WS/106/1.

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SELECTION

ALBERT E SHARP
CORPORATE FINANCE

Albert E Sharp is one of the largest wholly independent stockbroking firms in the UK. The firm has over 350 employees, with offices in Birmingham, London, Bristol and Manchester.

Due to the rapid expansion of its corporate finance activities in Birmingham and London, we are exclusively retained to recruit a number of executives to strengthen the existing team.

The successful candidates are likely to be professionally qualified and/or from a UK merchant bank with circa 2 years' experience in mainstream corporate finance. With the ability to assume immediate responsibility, candidates will be aged between 25 and 30 years.

Our client is seeking to appoint individuals of the highest calibre and competitive packages will be offered.

Please reply in strictest confidence to:

Marise I Palmer
Wrightson Wood
63 Duke Street
London W1M 5DH

IRISH INTERCONTINENTAL BANK LIMITED

IIB

Irish Intercontinental Bank, the Dublin based investment banking subsidiary of Kredietbank N.V., Brussels, is seeking applications for the following positions:

Syndication/Financial Engineering Manager
(Ref: SFE)
The successful candidate will be responsible for the conclusion of syndicated and club financing transactions in the corporate, aerospace and structured finance markets involving the creation of suitable structures for transactions and development of appropriate institutional relationships in Ireland and overseas.

Aerospace Finance Manager
(Ref: AFM)
KBFSL, an associate company of IIB, is part of the International Financing arm of Kredietbank N.V. and is based in the International Financial Services Centre in Dublin. The successful candidate will be responsible for direct marketing, documenting, implementing appropriate aerospace financing structures and managing an existing aerospace portfolio. Strong marketing, credit, documentation and interpersonal skills are essential.

Asset Swaps Trader
(Ref: AST)
The successful candidate who will be responsible for sourcing, assessing, pricing and developing an Asset Swaps Portfolio and for managing a substantial existing portfolio, will have a strong bonds/swaps/credit background.

Documentation Executive
(Ref: DE)
The successful candidate will be responsible for origination, negotiation, completion and management of documentation relating to all transactions, including structured finance and capital markets activities, for IIB and its associated companies in the International Financial Services Centre.

Candidates should have a university degree or related professional qualification and should have significant experience relevant to the particular position preferably within an international banking environment. A high degree of initiative and energy are essential requirements together with good organisational and communicative skills. All the positions are Dublin based.

The remuneration packages will reflect the importance of these key roles.

Applications in the strictest confidence quoting the relevant reference numbers to:

Managing Director,
Irish Intercontinental Bank Ltd.,
91 Merrion Square,
Dublin 2,
Ireland.

MARCUS WALLENBERG CHAIR
SCHOOL OF FOREIGN SERVICE
GEORGETOWN UNIVERSITY

The Edmund A. Walsh School of Foreign Service, Georgetown University, announces a search to fill the Marcus Wallenberg Chair in International Financial Diplomacy. Applications are invited from individuals who have distinguished themselves in the fields of international finance, banking, political economy, and business and business-government relations, combining practical experience with demonstrated academic achievement. As a member of the Landegger Program in International Business Diplomacy, the Wallenberg Professor will teach undergraduate and graduate students pursuing careers as practitioners in the public and private sectors. In addition, the Chairholder will help coordinate the School's extracurricular seminars and mid-management training in international business, finance, and public policy. The appointment will be made at the full professor level at a salary commensurate with seniority and qualifications. Applications should be submitted by November 15,1993 to:

Dr. Charles E. Pirtle
Associate Dean
School of Foreign Service
Georgetown University
Washington, DC 20057-1052
(202) 687-5696
FAX (202) 687-1431

Georgetown University is an Equal Opportunity, Affirmative Action Employer.

SENIOR CREDIT ANALYST
- BOND MARKETS to £70,000

The company is a major international bank with a strong presence in fixed income markets. They want to recruit a senior credit analyst to work within their Fixed Income research division. The position involves carrying out in depth analyses of European corporates and assessing the impact of credit issues on bond markets. The vacancy is high profile in that you will be expected to advise in-house traders and sales staff on particular issues, make presentations to clients and assist the corporate finance department.

Applications are invited from those who have exceptionally strong credit skills gained within a major investment bank or rating agency who are frustrated by a lack of accountability in their present environment. You must have a good knowledge of bond markets and relative pricing. As a personality you will need to be confident and decisive with the ability to think laterally and present your ideas in a clear and persuasive manner. Fluency in a second European language would be particularly attractive. **Call Tony Sheppeard.**

AUSTEN SMYTHE SEARCH and SELECTION
127 Cheapside, London EC2V 6DH
Tel: 071 600 2862 Fax: 071 726 4290

GULF MARKETING
INVESTMENT BANKING PRODUCTS
c £80,000 package *(negotiable)*

Based in London the ideal candidate will support existing business and initiate expansion within the Gulf region, primarily from institutions, but also from high networth individuals and corporates. Ideally, you will currently be working for one of the major investment banks providing a range of investment and treasury products to most Middle Eastern countries. Above all else, you must be well travelled, and new business oriented, fluent in Arabic/English with a proven track record and high educational qualifications. The ability to demonstrate serious contacts will be an advantage.

Please send cv in strictest confidence to Ron Bradley

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Securities Custody
Opportunities in Hong Kong with the leader of a developing business in Asia Pacific

HongkongBank is a long established leader in the Asia Pacific Securities Custody business. As this extremely competitive business continues to develop we are restructuring to meet the needs of the market and to stay ahead of our competition. Each of these openings in our Hong Kong based Regional Securities Centre, is involved in this exciting initiative:

Manager - Product Development
A customer driven marketing and communications challenge

The development of innovative products and services along with the proactive communication of product and market information to customers drives increased customer activity and therefore business. This is the central brief of this role.

Specifically you will gather information to identify market needs, plan, design and implement new products and services and through research ensure that they meet customer demands. You will also design and produce marketing materials and develop new ways of communicating news and information, quickly and efficiently to customers.

You must be a marketing/communications professional in the finance or securities business with at least 10 years' experience, probably following a degree level education. Proven experience in developing and launching new finance oriented products will obviously be useful and you must be a creative thinker.

Manager - Network Development
Use your banking knowledge to develop new securities custody business

The focus of this role is to develop our business throughout the Asia Pacific region by opening securities custody operations in new markets and bringing new services to established sites. Your involvement will span the identification of potential new sites and the undertaking of feasibility studies, through to the management of all aspects of start-up, including implementation of computer and communications systems, staff training, client liaison and marketing.

You will work closely with management in Asia Pacific countries so you must be a very good communicator. A general banking background of around ten years is sought, giving you a thorough knowledge of the securities business and the systems, processes and products involved.

Manager - Quality Control
Securities Specialist to maintain international and customer service standards

There are two key aspects to this responsibility. You will bring to bear your knowledge of the international securities business to ensure that our operations meet or exceed international regulatory requirements. At the same time you will establish the processes and procedures to achieve high quality standards of service.

Specifically this will involve designing and implementing quality control standards, ensuring effective back-up procedures and systems and working with training specialists to formulate appropriate staff training programmes.

Your ten year background in the banking/finance business must include at least three years' experience in the securities business. You must also have well developed skills in analytical reasoning and be fully PC literate.

Senior Relationship Manager
To deliver regional securities services on a global scale

We seek a Custody specialist who, as Senior Relationship Manager, can develop further the delivery of our regional securities services to a global customer base.

Managing and directing a Hong Kong based relationship management team and coordinating with Relationship Managers located in global markets, your main aim will be to add value and quality to all our customer services activities. This will include improving the quality of information provided to customers and general communication, ensuring that they are kept aware of market, product and service developments - you will personally undertake a customer calling programme which will entail overseas travel. Reporting to the Manager Sales and Relationship Division, you will also have the authority to manage and sign off on significant business.

Following a tertiary education, you should have 8 to 10 years' experience in the global custody, securities services or closely related business. This should have given you the key qualities that this role demands; a comprehensive knowledge of stock market operations, strong relationship management capabilities and basic PC skills.

Each of these roles entails frequent travel throughout our network of operations and close liaison with management and staff in Asia Pacific countries. Communications capabilities to a high standard and the sensitivity to operate effectively in multi-cultural environments are therefore critical - previous experience overseas will be a big plus. On a two year contract each appointment also offers an 'Executive' status salary and benefits package.

In the first instance please write with full career details, specifying the position applied for, to John Small, Manager Executive Resourcing, Group Human Resources, HSBC Holdings plc. 10 Lower Thames Street, London EC3R 6AE.

HongkongBank

JOSLIN ROWE

CREDIT ANALYST **c£30,000**
A degree educated Credit Analyst (aged mid to late 20's) with corporate analysis experience is sought by this premier International Investment Bank. Candidates will ideally have completed a recognised training programme and be currently working for a major name. Fluency in either French or German may prove advantageous.

EUROBOND SALES **£AAE**
Due to the continued expansion of it's Fixed Income area, a city based Global Securities House seeks an experienced Eurobond Sales person. The opportunity is particularly attractive given the increasing portfolio of the Desk and its commitment to the market. Suitable applicants will have minimum of twelve months market experience ideally in Yen, US Dollar, and European currencies.

EUROPEAN EQUITY OPS **c£25,000**
Leading US Investment Bank urgently seeks a suitably senior and experienced individual with a knowledge of European markets, specifically Southern Europe. Candidates should possess a minimum of 3 years' experience from a high volume house. High levels of motivation and commitment are required for this demanding role.

CORPORATE FINANCE ANALYST **£AAE**
U.S. Investment House with an excellent reputation for the R & D of innovative quantitative analytical techniques seeks an additional Analyst. Suitable candidates will be numerate graduates and must be fully conversant with financial modelling methods. The role will involve the testing of various investment scenarios covering a wide range of derivative products.

See details of further vacancies on Reuters page L071

TEL: 071 638 5286 FAX: 071 382 9417
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Outstanding, experienced sales person to join small, high calibre team in highly successful investment management business.

THE COMPANY
- Leading UK based global investment house.
- Investment management arm is a premier name with strength and depth in product range and performance.
- Culture is client driven and based on long term relationships.

THE POSITION
- Senior sales role. Focus on new business development.
- Target pension funds and consultants throughout the UK. Present full range of global investment products.
- Liaise closely with colleagues in marketing and fund management roles.

QUALIFICATIONS
- Probably a graduate. Minimum of three years successfully selling investment products to institutional investors.
- Mature, tenacious, disciplined sales style. Team player. Self motivated. Performance driven.
- Ambitious, energetic and credible. Solid technical knowledge of investment.

Please send full cv, stating salary, Ref M4112
NBS, 54 Jermyn Street, London SW1Y 6LX

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Project Finance Advice

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One of the leading global houses is planning a significant expansion of its international project advisory business. Opportunities exist at all levels and remuneration will not be a barrier for the right people.

THE COMPANY
- Highly successful, integrated investment Bank.
- Broadly based advisory business embracing corporate, structured and project finance.
- Strong existing reputation and record of success in creating winning financial packages for major infrastructure projects.

THE BUSINESS
- To advise governments and private sector companies on the development of private sector infrastructure.
- Market sectors include transport, power, water and telecommunications.
- To develop marketing and execution expertise within a wide geographic area.

QUALIFICATIONS
- All levels are sought from Director to Manager.
- All positions require significant record of success in, and detailed understanding of, project advisory work.
- Senior levels require a number of project mandates successfully concluded and successful client relationships.
- For junior levels, computer literacy is essential.

Please send full cv, stating salary, Ref M4111
NBS, 54 Jermyn Street, London SW1Y 6LX

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A key development role in the Sharesave and AVC market

£35-40k + car + financial sector benefits — *Central London + UK travel*

An experienced and respected player in the financial services community, you're well aware of the success of Abbey National Plc. Vital to maintaining our leading position is our ability to compete in all available sectors, and recent changes in legislation mean that we are now able to exploit further our position in the Sharesave, AVC and associated markets.

Our commitment is such that we have created this new, senior position within our Business Development Unit. In this key role, you will develop and maintain the existing Sharesave and AVC market, whilst generating new business by promoting and selling to major employers and institutions. In close liaison with other senior managers, you will be responsible for achieving market share and profit targets across existing and new product ranges.

To succeed, you will need to have a strong network of contacts in the financial services communities, especially in the City, together with an in-depth knowledge of the operations of the Stock Exchange and related issues. A minimum of five years' proven sales ability selling complex financial products at MD/Company Secretary level in large companies is essential, at least three years of which should have been spent managing Sharesave and corporate schemes.

Professionally qualified, you must be a first-class communicator with finely tuned negotiating and interpersonal skills. It is also vital that you have the credibility to present to, and influence, people at all levels.

In return, you'll enjoy a competitive salary and benefits which include concessionary mortgage (subject to eligibility), pension and share ownership schemes, profit share and subsidised BUPA, after a qualifying period. To support a healthy work environment, Abbey National has a no smoking policy.

If you're keen to move to a company that recognises and rewards effort and results, please write to Karen Nicholson-Jones, Field Personnel Service Centre, Abbey National Plc, Unit 2 Ternion Court, 267-271 Upper Third Street, Central Milton Keynes, Bucks MK9 1DR.

Interviews will be held in Milton Keynes on the 2nd December 1993.

In pursuing our policy of equality of opportunity for all, Abbey National positively welcomes applications from every section of the community.

ABBEY NATIONAL
Promoting Success Through Equality

State Street®

Unser Mandant ist die Tochtergesellschaft der State Street Bank & Trust Company in Boston, einer der führenden Wertpapierbanken der Welt. Diese zweitälteste amerikanische Bank beschäftigt weltweit 10.000 Mitarbeiter. Im Zuge der Erweiterung der Deutschland-Aktivitäten und der Umwandlung der State Street GmbH, München in eine Vollbank suchen wir den

Treasury Manager

Anforderungsprofil:
- Alter ca. 35 Jahre
- sehr gute Ausbildung im Finanzbereich (Hochschulabschluß oder ähnliches)
- mehrjährige praktische Erfahrung im Geld- und Devisenhandel sowie im Handel mit Derivaten in einer internationalen Bank
- perfekte Englisch- und Deutschkenntnisse
- Erfahrung im Umgang mit computergestützten Analyse- und Entscheidungsfindungssystemen
- Pioniergeist und ein hohes Maß an Selbstmotivation

Aufgabengebiete:
- Organisation und Management des Einlagen- und Devisengeschäftes
- Management der Bilanzrelationen und Liquidität der State Street Bank GmbH
- Organisation und Management der Kundenberatung und -betreuung im Bereich Multicurrency Cash and Risk Management
- Mitarbeit bei der Erstellung von Marketingkonzepten für die Zielgruppe der ausschließlich institutionellen Anleger

Diese Position ist dem Geschäftsführer direkt unterstellt. Wir suchen insbesondere Kontakt zu Kandidaten und Kandidatinnen deren Persönlichkeit und Pioniergeist besonders ausgeprägt ist und die sich in einem multikulturellen Team wohlfühlen. Für einen ersten vertraulichen Kontakt steht Ihnen Frau Scherp unter Telefon + (211) 32 44 55 gern zur Verfügung.

Ihre schriftlichen Bewerbungsunterlagen senden Sie bitte unter Angabe der Referenz SS/248 an folgende Adresse:

Michael Page Deutschland GmbH
Steinstraße 13
40212 Düsseldorf

MP
Michael Page Deutschland
Personalberater im Finanzbereich
Amsterdam - Berlin - Düsseldorf - London - Paris - Sydney

FUND MANAGER

JAPANESE EQUITIES

Permanent position
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Salary + Bonus
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Largest Canadian Institutional Investor

The Caisse de dépôt et placement du Québec manages assets totalling more than CA $41 billion (£ 20 billion), including the largest equities portfolio in Canada. It uses a variety of financial instruments: bonds, shares and convertible securities, mortgages, real estate, short-term securities and synthetic and derivative products. It is located in Montréal, an important North American financial centre.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Reporting directly to the Vice-President – International Stock Markets, the Fund Manager shall be responsible for setting up and managing the in-house Japanese/Asian equities portfolio and shall also participate in the global asset allocation of international equities.

The successful candidate shall possess a university degree, preferably in Finance, with a minimum of five years experience in Japanese/Asian equities, two of which as a fund manager. This person should demonstrate strong skills in financial analysis. A working knowledge of French is also required upon hiring or may be acquired within a reasonable period thereafter.

In addition to the basic salary, competitive pension and insurance plans are offered as well as a bonus program based on portfolio performance. Travelling expenses during the selection process as well as certain relocation expenses upon hiring shall be paid by the Caisse.

Applicants interested in taking up this challenge should forward their CV in confidence to:

Direction des ressources humaines
Caisse de dépôt et placement du Québec
1981, avenue McGill College
Montréal (Québec) Canada H3A 3C7

We offer equal employment opportunities.

STOCKBROKERS

An opportunity has arisen to become the focal point of a major marketing campaign to take on new stockbroking clients. Successful applicants will grow a substantial client base rapidly and, within a few years, earn an opportunity to run their own business unit. No requirement to bring an existing revenue base.

Our client, an innovative, profitable and rapidly expanding firm specialising in private client advisory services, seeks two stockbrokers (age 23-33) for its City office. With full support from the firm, and dealing with a broad range of stockmarket investments, you will be expected to display flair, energy and commitment in servicing and developing your client list.

Although experience in a similar environment would be preferred, exceptional personal qualities are even more important. Registered representative status is required. Initial basic salaries will be in the £25,000-£30,000 range and you will also participate in the firm's profit sharing scheme.

If you believe that you can succeed in this challenging role, please forward a career résumé, including current salary and day time telephone number, quoting reference 3333 to Graham Perkins, Touche Ross Executive Selection, at the address below. Since all replies will be forwarded direct to our client, please specify any firms to which you would not wish to apply.

Touche Ross
Deloitte Touche Tohmatsu International
MANAGEMENT CONSULTANTS
Hill House, 1 Little New Street, London EC4A 3TR.

HEAD OF CREDIT

(DESIGNATE)

Our client, a leading German bank, seeks a first rate Manager with comprehensive analytical and credit skills.

Initially based in Berlin prior to permanent relocation in London, this challenging position would require an ability to assess risk and develop business opportunities in a rapidly expanding institution.

Excellent German coupled with a minimum of five years credit experience within the U.K. is essential. The preferred age bracket would be 34-42 and a highly competitive salary will be offered.

Please apply with c.v. to:

Box No. B1738, Financial Times,
One Southwark Bridge,
London, SE1 9HL

THE BANKER

BANK RESEARCHER/ TECHNOLOGY JOURNALIST

THE BANKER, the monthly international banking magazine of the Financial Times Group, is seeking a researcher/journalist to join our Bank Research unit and editorial team.

The post involves the compilation and analysis of bank data for our various bank listings, including our Top 1000 listing, and writing in our Technology section.

The successful applicant will have strong numeracy and computer skills and will have a keen interest in technology issues. The position would appeal to a recent graduate.

Please send full CV to:

The Editor, The Banker, Greystoke Place, Fetter Lane, London EC4A 1ND

CARL BRO GROUP

In connection with the further expansion of the Carl Bro Group's activities in Central and Eastern Europe and the CIS, we seek consultants for short and long term assignments for present and up-coming projects.

Requirements:
- Master's Degree or equivalent in economics, finance, engineering or business administration.
- Minimum 10 years of postgraduate experience, including international development projects.
- Knowledge of the procedures of international donor agencies.
- Experience with aid programming and evaluation, sector and project monitoring, aid coordination and management and training.
- Fluency in English - plus working knowledge of one other major language, e.g. Russian, French, German.
- European nationality.

Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably per fax.

Carl Bro International a/s
Consulting Engineers and Planners
Att.: Fredrik Pitzner-Jørgensen
Granskoven 8
DK-2600 Glostrup
Denmark
Telephone: +45 43 96 80 11
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Swiss Bank Corporation is one of the world's premier investment banks with a successful and growing European corporate finance business. We intend to expand our London-based corporate finance team through the recruitment of one or more Associates who will assist in the origination and execution of transactions, concentrating particularly on strategic areas such as cross-border M&A/Advisory and capital raising.

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The successful candidate will be responsible for the planning, execution, reporting and follow-up of operational audits in our companies, predominantly in Europe. He/she must be capable of leading, training and motivating small international teams, with minimum supervision. The position requires extensive travel (65-75% of actual working time).

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For more information, please contact
Ramón Fretz,
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FT/0943

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London

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Senior Manager
Personnel Department
Bank of China,
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London EC4N 6HA

INVESTMENT ANALYST

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Our client is a major securities house with an excellent research product and well established global distribution. They seek a high calibre individual to join their highly regarded European equity team and build their analytical coverage of Scandinavian companies.

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Please reply in writing to:

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ACCOUNTANCY COLUMN

Time is running out for improving relations

Agreement is still far off in the merger talks between the professional bodies, writes Andrew Jack

Time is running out for a secretive series of discussions between the principal UK and Irish accountancy bodies. Regardless of the outcome, the clock may also be ticking for the very future of these bodies themselves.

At several gatherings on the relatively neutral territory of KPMG Peat Marwick's Salisbury Square offices in London, senior representatives of the six leading professional bodies have been trying to find some common ground over the last few months.

Top elected officials and secretariat staff have come together from the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, the Institute of Chartered Accountants in Ireland, the Chartered Association of Certified Accountants, the Chartered Institute of Public Finance and Accountancy (Cipfa), and the Chartered Institute of Management Accountants (Cima).

The chairman of this working party is David Bishop, a partner in the management consultancy practice of KPMG, and the immediate past president of the Certifieds. His specialism is change management. This job is probably the hardest he has ever taken on.

It is an unusually powerful gathering. The names of the different organisations are hard to squeeze into a single paragraph. Their combined membership is about 200,000. And the amount of time and effort put in by their senior figures to collaborate is probably unprecedented.

But it may all be wasted. Fundamental questions still divide many of those assembled round the table. And they have just one more meeting next week before producing in mid-November a final report from the incompatible proposals in the draft discussion documents now circulating.

What is most remarkable to any outsider who cares to take an interest is that there are so many professional accountancy bodies; and that there has been no significant merger since 1957, when the Society of Incorporated Accountants merged with the Institute of Chartered Accountants in England and Wales.

Since that time, there have certainly been some bloody attempts. All have failed. The Scots spurned combination with the English institute in 1989, partly from fear of being subsumed by a Sassanach body. Discussions between the English and the certifieds in 1988 and Cipfa in 1990 also foundered.

Most painful was the 1970 attempt between the certifieds and the English institute. Its failure led to the creation of the cumbersome Consultative Committee of Accountancy Bodies (CCAB), nominally representing the six organisations, but staffed and chaired by the English institute, which also dominates CCAB's representation on international bodies.

Ever since a gulf has opened up, widened by new, alien forms of training – such as masters of business administration – poaching recruits who would have traditionally become accountants; and by growing competition between the bodies in marketing their qualifications in this country and overseas.

As a result, it should come as no surprise that the original timetable, in which the Bishop working party was to report back in July, has been delayed. It has been only through careful diplomacy that all the participants have remained around the table up till now. It would be nothing short of a miracle if they emerged in agreement at the end of this month.

Two principal models are up for discussion. The first is rationalisation: combining the different bodies while supposedly preserving their different strengths. It is the approach favoured by the English institute, which argues for fewer bodies in the public and members' interests. It is apparently endorsed by Cima, but would probably require separate regional bodies for Scotland and Ireland.

The second model is harmonisation: to increase co-operation while maintaining separate identities. The Scots maintain their reservations about being swallowed up and turned into a regional administrative body with control in London. Their traditional ability to be flexible would be lost.

The other bodies also have serious doubts about how effective full-scale merger would be in the short-term, and would prefer to move in that direction more slowly. As a result, there is a complex array of intermediate approaches, with closer involvement on issues such as training, ethics, discipline and international affairs, while the governing bodies remain separate or delegate some partial authority to an over-arching body.

But these debates have become a sideshow to what many see as the main motivation behind the discussions: the destruction by the English institute of the certifieds. There is growing disillusionment with the way the process has been handled.

At its crudest, this is a class issue: the smooth old-school ties of the chartered accountants who moved through university and training-while-earning with accountancy firms, against the more aggressive, opportunity-seeking bovver boys who often had much less automatic training with their firms.

It is reflected in a snobbishness in some quarters about the perceived need to maintain the value of the chartered accountancy qualification. But that attitude has also led to the complacency from which the English institute is now suffering.

The certifieds have seen their reputation, student numbers and financial strength grow in recent years, both in the UK and overseas. Travel to eastern Europe, China and even some accountancy firms in Britain, and their qualification has become the one of choice.

As their own enrollment has dropped off, the chartereds have jealously fought back, though not entirely successfully. They began a programme of training outside public practice, though just a few dozen have taken up the idea. They have launched a foundation headed by a former ambassador to provide assistance in eastern Europe. There is a review of training under way, reflecting the need for far greater flexibility in both subject matter and how training is structured.

The indications are that the English institute has no interest in merging with the certifieds except on extremely dominant terms. What some believe it wants to do is to take on the association, either by swallowing it entirely or merging with other professional bodies so it can attempt to defeat it in head-on competition.

Critics point to efforts at the CCAB by the English institute to steamroller through rationalisation as a topic for discussion: and to conduct market research on members of the bodies with questions deliberately phrased to elicit responses suggesting rationalisation as the only answer.

There are certainly legitimate points for debate about the certifieds: the nature of the exams, how they are marked, how often people are allowed to re-take them and still qualify, and so on.

Equally, there are arguments about the sustainibility of the Scottish and Irish bodies as separate entities, and about the nature of the qualification at Cipfa, which focuses on a sector in flux. None of the bodies can claim anything like perfection in the services they provide. Combining any of them would require careful compromise.

There also is a more fundamental question about whether accountancy is truly a cohesive profession with a core that can be accommodated in a single body or set of exams.

But the arrogant atmosphere that many of the bodies seem to be detecting in the current discussions is not conducive to constructive resolutions. A change in this attitude is necessary if anything in the public and members' interests is to emerge.

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THE POSITION
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QUALIFICATIONS
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Please send full cv, stating salary, Ref M4215
NBS, 54 Jermyn Street, London SW1Y 6LX

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Working as integral members of multi-disciplinary teams, the candidates we seek will be involved in analysing dynamic business processes and recommending and implementing workable, practical solutions to improve profitability.

The roles are varied and project based, requiring flexibility of approach, excellent presentation and strong communication skills. Applicants should be qualified accountants or MBAs aged 26-35, with experience gained in one of the above areas with a blue chip employer in industry, commerce, financial services or consultancy.

Interested applicants should forward a comprehensive curriculum vitae, **quoting ref 100193, to Diane Forrester ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

MP

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Financial Controllers

New challenges in a new structure

For ambitious qualified accountants in certain organisations, the words "influence" and "autonomy" may have a distinctly hollow ring. What at first appeared a golden opportunity to prove your commercial mettle and develop your management skills can quickly translate into nothing more than a classical management accounting and reporting role.

That waste of talent is certainly not being perpetrated by my client. A premier FMCG company with a market-leading brand portfolio and turnover of £1.4 billion, they are putting in place a new devolved structure where authority really does rest with the local management teams. Qualified accountants are now needed to head up the finance function in several of these teams.

Is this the opportunity you have been looking for? We need the type of financial mind that is able to implement the best systems, provide effective financial monitors and controls, interpret business trends, and offer advice and support to customers as well as to colleagues in the business.

Beyond the obvious qualifications you must be confident in authority and capable of making decisions, with a flexible approach which balances logical analysis with commercial acumen, and the personality to inspire a team while adopting a cross-functional perspective.

Your efforts will make a tangible contribution to the bottom line and indeed will be essential to achieving targets – and this will be reflected in an excellent basic salary and substantial bonus potential. The real reward though is the chance to influence the business and grow with it.

If you feel you have the skills and experience to accept the challenge, please send your full CV and salary details to **Alan Birch** at **Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU,** quoting reference **MD3464. Telephone (0992) 552552.**

If you responded to our previous advertisement reference MD3372 placed in the Financial Times on 26th August, you need not re-apply.

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Macmillan Davies
SEARCH & SELECTION

ACCOUNTANT

A senior accountant is needed to run our Finance Section at the Crafts Council.

Applicants must be fully qualified and experienced accountants with some management experience, and must be familiar with Tetraplan/Tetra 2000 accounting software.

The post is permanent and the salary, depending on qualifications, will be within the range of £25,327 - £28,657 pa. There is a mainly non-contributory index-linked pension scheme.

Application forms and further particulars are available from Joanna Erde, Crafts Council, 44a Pentonville Road, London N1 9BY. Tel: 071 278 7700

Closing date for receipt of applications: 5.11.93.

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professional with many years varied multi-nationals experience, with Swiss & EC passports, desires a challenging, permanent position in finance or banking. Prepared to travel extensively from Zurich or would consider relocating.
Write to Box B1723, Financial Times, One Southwark Bridge, London SE1 9HL

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Areas with which you will become involved are:
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- *preparation of proposals*
- *working to ensure winning team approaches.*

- *You will have fluent English as well as fluency in another European language. An economics/politics qualification with experience in ILOs and EC institutions and a good knowledge of Central and Eastern Europe will be a prerequisit for the successful candidate and a working knowledge of Russian and East European languages will be an advantage.*
- *If you think you have what it takes to meet this challenging position write enclosing your curriculum vitae to John Howell, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.*

ERNST & YOUNG

Financial Director Designate

A Highly Challenging Commercial Role

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- *With a reputation for the highest standards of quality and innovation, the company is now seeking to recruit a Financial Director Designate who can play a major part in shaping and implementing business development and growth.*
- *Reporting directly to the MD with a team of 17 staff, the appointee will direct all financial affairs including: the maintenance of accurate and timely accounting information; the provision of management data incorporating medium-term cash flows; profit statements and contract pricing models and the development of a range of business development and data collection systems. Other duties will include liaison with all external advisors, the control of treasury management and strong cash management. Above all the successful applicant will bring a strong commercial input to strategic business development.*
- *The appointee will be a graduate ACA, ACCA or ACMA, aged ideally 30-35 with a career background which includes experience of working in a contract engineering environment and reflects a familiarity with multi-currency deals. Strong accounting, systems and communication skills must be blended with a high degree of commerciality which, in turn, should be complemented by an ability to make sound commercial decisions based on considered judgement and a highly developed capacity for forward planning.*
- ***If you feel that you have the experience and aptitude to meet this exciting challenge, please apply in writing with CV, giving details of your current remuneration and quoting reference F/239/B to Paul Bailey, Ernst & Young Corporate Resources, Lowry House, 17 Marble Street, Manchester M2 3AW.***

ERNST & YOUNG

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The successful candidate will be required to:

- Contribute significantly to the strategy and future operations of this high growth business.
- Optimise gross margin contribution by effective cost control in all areas of the business.
- Take day to day responsibility for all accounting, administration, purchasing and computer activities.
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The successful candidate will be able to demonstrate a record of achievement in fast moving and rapidly changing business environments. You will also be charismatic, energetic and task orientated with an eye for detail and above all a decision maker.

To apply, in the first instance write quoting ref: DL168 to: David Loots, David Loots Associates, Furness House, Salford Quays, Manchester M5 2XJ. Tel: 061 876 0866.

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Financial Controller (Director Designate)

Technology Based Company - Nottingham — **Circa £50,000 + car + options + benefits**

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The Financial Director will provide guidance and support to the Chief Executive and Board on all financial issues, based on accurate and timely accounts and analyses. Duties will include responsibility for future progressive development of financial and management accounting systems, together with variance and other analyses to highlight key conclusions and recommendations. The Financial Director will also be responsible for cash management and the treasury function generally.

Candidates in the 35-45 age range will be qualified accountants with possibly an MBA or engineering degree and a track record of success. Personal skills will essentially include qualities of leadership, good verbal and written communication and the toughness of mind to win.

Please apply, in writing or video presentation, with comprehensive details to:
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Our client was formed in 1990 following a major rationalisation within the water industry. They are part of a major international group and one of the UK's largest water companies. They supply hundreds of millions of litres of water daily to people and businesses in the South East of England.

The company has an innovative commercial approach to meeting customers' needs, management of resources and preservation of the environment. They are continuing to make significant investment in new infrastructure.

An opportunity has arisen for an experienced finance professional to take up a key appointment within the finance function.

Reporting to the Financial Controller, this is an important and demanding role offering full responsibility for key functions. These include management and development of a large accounting team, controlling the payroll function for over 2,000 employees and pensioners, managing the customer payments function involving the collection of a high volume of low value debt, controlling payments from other chargeable services and running and controlling the accounts payable function.

This role requires proven managerial skills, experience of controlling systems, the ability to build relationships outside of finance and a penetrative mind capable of identifying problems and finding solutions. The successful candidate will be a qualified accountant, probably under 40 years of age.

For a detailed and confidential discussion, please call PAUL GOODMAN at GMS on 071 336 7711 (or at home on 081 445 0666). Alternatively write including your CV to GMS, 2 Bath Street, London EC1V 9DX.

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Financial Analysis Manager

Multinational Pharmaceuticals Group

Switzerland — c. US $130,000

This fast-growing, entrepreneurial group has sustained remarkable compound growth in revenues and is rated as one of the most profitable pharmaceutical companies worldwide. It is now focusing the majority of R&D activity on bio-technology where it already holds a leading global position in certain areas. These activities involve a complex production process which demands critical analysis of product costs.

An accomplished finance professional is now required to bring comprehensive costing expertise to the group finance team. This is a high profile, corporate role of considerable significance.

Key tasks will include:

- reviewing and developing costing systems worldwide, ensuring that consistent, accurate and uniform reporting is maintained;
- ensuring that production capacity information is utilised in order to monitor inventory levels and production planning schedules;
- providing key input to the group budgeting process through validation and analysis of business unit returns.

Candidates, probably aged 30-40, must have substantial costing experience within complex international production environments.

A proactive, resourceful and disciplined management style is essential and personal characteristics must include excellent communication skills, self-confidence and enthusiasm.

This role offers high exposure at executive board level and there are excellent prospects for career progression within this successful group.

Please send a full CV in confidence, quoting reference **number 234J on both letter and envelope, and including details of current remuneration.**

GKRS

SEARCH & SELECTION

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Finance Director

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Reporting to the Managing Director, the Finance Director will take charge of all aspects of the finance function, supported by around 60 staff, covering head office and operating divisions. In addition to providing effective leadership to this team, the Finance Director's duties will include:-

- planning and analysis - ensuring the implementation of a clearly defined strategy;
- MIS - managing a major systems development programme;
- project finance - developing innovative methods of funding for major projects, managing risk and maximising revenue-earning potential.

Candidates should be graduate-qualified accountants aged 35-45, with a successful track record of financial management at a senior level in a blue-chip, multi-site organisation, characterised by sophisticated systems and rigorous management reporting. First-class leadership and systems development skills are mandatory, together with evidence of a genuine contribution to the commercial running of a business.

The Finance Director must be energetic, creative and action-oriented, persuasive and disciplined, with a strong team approach.

This is an excellent opportunity for a highly commercial, broad-based Finance Director to make a real impact on a successful and growing business.

Please send a full CV in confidence, quoting reference **number 237J on both letter and envelope,** and including details of current remuneration.

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CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820

A GKR Group Company

Finance Director

Germany (Köln)

Sedgwick, the largest European-based insurance broker and risk management consultant, offers you the opportunity to participate in its challenge to become a top player in Germany.

Reporting to the managing director of Sedgwick (Deutschland) GmbH, the person appointed to this newly created position will be responsible for all financial and administrative activities. Important features of the brief are the integration of acquisitions and the implementation of improved systems and procedures.

You are a qualified accountant with at least seven years' experience, preferably in Germany. Your strong management accounting slant is tempered by a thorough understanding of financial accounts. Computer literate, you have sound experience of financial and profitability analysis in the services sector. Fluent in German and English, self-reliant and confident, you are able to achieve results through well developed interpersonal skills.

Please send full career and remuneration details to: Pascal Boulicault, Sedgwick Group plc, Sedgwick Centre, London E1 8DX, UK.

Sedgwick

LHDA

Lesotho Highlands Development Authority

Set in the heart of the spectacular Mountain Kingdom of Lesotho, and close to the legendary mountainous 'Barrier of Spears' - a high-tech $multi-billion water project providing hydro-power for Lesotho and water for the republic of South Africa. A joint venture by the Lesotho and South African Governments, controlled through the Lesotho Highlands Development Authority (LHDA), the magnitude and complexity demands financial control of the highest order. These two-year contractual positions, based in Maseru, call for both specialist expertise in key financial areas, and a commitment to work with and train competent local successors over the contract period. Consequently, only a CA, CMA or similar high level qualification is acceptable. Working experience in developing countries would be an advantage and fluency in English is essential.

Advisor to the Chief Accountant

This role is ideal for a decisive, independent organiser with strong man-management and interpersonal skills, and several years' proven financial management experience gained in the public or commercial/contracting sectors. Essential is the ability to advise on, and implement, generally accepted accounting principles, and computerised control systems.

Reporting to the Chief Accountant, key responsibilities include control of the complex computer based general ledger accounting system, preparation of decision-critical monthly management and financial accounts, and annual audited accounts. The nature of these activities naturally calls for the ability to liaise at management and financial level with various other executives and accounting sections. You will need a dynamic blend of high level consulting expertise and practical line management responsibility. Ref. A22A31

Financial Analyst

Costs and Budgets

This is an opportunity for a cost and bottom-line focused expert in the development and effective utilisation of computerised cost and budgetary control systems. Several years' specific related experience gained in an industrial/contracting environment is essential, as is a sound understanding of cost analysis and management information needs.

Skills application areas include the preparation and interpretation of detailed user-friendly cost and management reports; facilitating the accurate allocation of costs and financing charges; preparation of comprehensive short-term and revised budgets. Ability to maintain and develop appropriate computerised systems to meet changing management needs is equally important. Ref. A22A32

Accounting Advisor

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All-round responsibility for a meticulous and disciplined 'numbers' person whose years' of specific experience in these areas will ensure ability to both advise on, and control, the operational effectiveness of the sections, related systems and controls, and meeting of appropriate deadlines.

Specific responsibilities encompass general ledger input and validity; payroll preparation, validation and disbursement; ensuring correct allocation and payment of local and overseas creditors, and effective control of internal and external debtors. Equally essential is skill in the maintenance and upgrading of existing computerised systems to meet future needs. Ref. A22A33

Accounting Advisor

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This key management advisory post calls for specialist expertise in the contract accounting and administration field, to ensure that the costs and status of multiple major international contracts are correctly reflected and controlled at all times.

Vital performance areas range from ensuring the efficient operation of the Contracts Division, and the accurate timely reporting of costs and liabilities to management, to preparation of appropriate reconciliations to Engineers' progress certificates, and funding sources; maintenance and upgrading of computerised contract accounting systems; inter-departmental/divisional cost comparisons; and an enlightened approach to staff training, development and assessment. Ref. A22A34

Outstanding tax-effective expatriate packages will be negotiated, including housing and education allowances, relocation expenses and air fares.

Applications, accompanied by a detailed CV including mention of current remuneration, should be sent by post or fax to arrive no later than 3 November - to Douglas Austin, MSL Group Limited, 32 Aybrook Street, London W1M 3JL, tel: 071-487 5000, fax: 071-224 2350, quoting the appropriate reference number. Mr John Roy, Consultant to the Authority, plans to conduct interviews in London in late November.

MSL International

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COMMUNITY HOUSING ASSOCIATION

FINANCE MANAGER

C. £26,000 + performance related pay.

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Benefits include 25 days annual leave, six additional recess days, permanent health insurance, pension scheme and season ticket loan scheme.

For an information pack please send a postcard with your name and address, stating where you saw the advertisement to:

The Personnel Officer
COMMUNITY HOUSING ASSOCIATION LTD
68-70 Parkway, London NW1 7AH

Please note that only completed application forms, NOT CVs, will be considered. CLOSING DATE: 12th November 1993.

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FINANCIAL TIMES / LES ECHOS

Responsable comptabilité anglo-saxonne/unité industrielle

Angers/France

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Animateur d'une petite équipe, vous veillerez à améliorer les procédures internes afin de respecter impérativement les délais de clôture des résultats déterminés par le Groupe.

En liaison avec le contrôleur de gestion, vous participerez à l'élaboration du reporting mensuel, des budgets prévisionnels, de la trésorerie et du compte d'exploitation.

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Please send your CV, including current remuneration and daytime telephone number, quoting reference 3332, to Neil Cameron, Touche Ross Executive Selection, at the address below.

Touche Ross

MANAGEMENT CONSULTANTS

Hill House, 1 Little New Street, London EC4A 3TR.

MORGAN STANLEY INTERNATIONAL
DERIVATIVES CONTROL

LONDON — EXCELLENT PACKAGE

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These roles encompass:

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- working within an integrated team of professionals to further strengthen Risk Management through the continuous enhancement of systems controls

A successful candidate will:

- be highly numerate
- have in-depth derivative product experience in at least one of Fixed Income, Equities, FX or Commodities
- be a highly motivated, proactive professional with the energy and drive to progress rapidly
- be a team player with excellent communication and interpersonal skills

Interested candidates should call Rachel Hannon on 071-379 3333 (fax 071 915 8714), or write to her enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

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City of London — c £35,000 plus car & benefits

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The candidate will operate just below board level reporting to the Group Accountant and be part of a small management team responsible for the operation of the Managing Agency subsidiary.

Applicants will be aged between 28-35 and must be exceptional. We are seeking a graduate with a broad commercial experience, and ability to meet tight deadlines, good management skills, an innate ability to communicate at all levels and think strategically.

Interested applicants should forward a comprehensive Curriculum Vitae to: *Miss Debbie Maul, Murray Lawrence & Partners Limited, One Whittington Avenue, London EC3V ILE.*

RUSSIAN SPEAKER

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2-3 years company admin. experience
is required by an International Oil Company. Some Accounts preferable, not essential. Salary negotiable.
Call Sharon K.
071 287 3405
Agency

A real business management opportunity
Financial Controller

North London — c.£50,000 + bonus + benefits

Our client, an autonomous unit within a leading UK financial services group, is strengthening its finance function to meet the growing management needs of a competitive, customer orientated business.

Reporting to the Finance Director and managing a team of fifty, you will be responsible for spearheading the development of a more analytical, value adding finance team. The role will include financial accounting, management reporting, performance analysis and budgetary control. You will improve efficiencies in revenue accounting and credit control, liaise with Head Office for Group reporting purposes and contribute to a major systems development project.

A graduate chartered accountant aged 30-36, you will have sound experience of proactive financial management and systems development within a sophisticated commercial/industrial organisation.

Technical competence, business acumen, systems awareness and proven man-management skills are essential. Equally important are the credibility to impact on senior management and the energy to drive the momentum for change. Key aspects of the role are seniority, visibility and development potential. It will give a creative, commercially minded accountant the opportunity to contribute to the management of the business and considerable scope for career progression.

Interested candidates should write to BBM Associates Ltd (Consultants in Recruitment) at 76 Watling Street, London EC4M 9BJ quoting Ref 236 and enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 071-248 3653 Fax: 071-248 2814

FINANCIAL CONTROLLER
FRANKFURT

The Securicor Group is one of the world's largest providers of security services and products. A policy of careful acquisition and development of subsidiary and JV companies overseas enables it to deliver a consistently high level of service on an international basis.

An exciting new post has been created at the pan-European headquarters near Frankfurt to control financial, accounting, treasury and commercial matters in existing and planned operations throughout Europe and the Middle East.

A self motivated, qualified graduate accountant is sought, probably aged 35-45 who ideally has worked in a UK plc, resided outside the UK, and has solid experience in controlling the financial affairs of service businesses in several countries from a remote location. Experience of financial and legal requirements and practices in differing cultures including the Middle East would be ideal as would the setting up of appropriate local accounting systems. Fluency in German and English is essential and French, Russian, Polish or Arabic would also be useful. A good communicator and motivator with high commercial intellect, international experience should also include identification of potential acquisitions and JVs as well as contract and price negotiations. The remuneration package is fully negotiable and opportunities for career development are excellent.

Please apply in writing quoting ref: EXC/IOH

Securicor GMBH
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Consultants for Strategic Business Management

City — up to £45K + car + benefits

KPMG Management Consulting enjoys a high profile in its field, providing both quality and professionalism in all its services. We are helping many businesses achieve fundamental transformation in their performance and, as a result, we now wish to recruit a number of senior professionals who have practical expertise in carrying this through – whether by business process re-engineering, performance measurement, activity based management or other tools.

Candidates will ideally have an accounting qualification (possibly with an MBA) and previous consulting experience would be an advantage. However, you must have proven experience of performance improvement and a keen interest in your industry sector. Line management experience at senior manger or director level is very important and ideally you will be aged around 35. Self confidence, excellent communication skills and the ability to relate to all levels of management are regarded as key personal attributes for these positions.

Interested candidates should write enclosing comprehensive career and salary details to Tony Saw, quoting reference K259, at the address below.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

Finance Director
Commercial Responsibility

London — ***Attractive package and equity***

▪ Our client is a very well established architectural practice within its sector, both in the UK and its chosen overseas locations, providing an increasingly creative and practical set of professional skills to a broad range of commercial and public sector organisations. A number of award winning projects have been completed, particularly for shopping malls and dedicated offices. The practice is incorporated, with a present turnover of around £6 million and some 125 staff. The future plans include an increasing emphasis on a market led, commercially astute and imaginatively structured approach to the provision of practical, creative architectural designs for clients who have a direct interest in the use of the building. The management style is creative and determined, with a growing emphasis on strong financial controls, which are commercially realistic.

▪ Reporting to, and working closely with the Chairman and Executive Director, you will be directly responsible for establishing effective financial controls, the improvement of well developed information systems to provide commercially useful management reports and the development of financially alert business skills throughout the Company to match, then enhance, the highly developed core professional skills. These require respectively: rigorous numerical analysis; clarity in defining the required information; enthusiasm for integrating the financial function as a constructive contributor to overall business success. These combine to provide a diverse and stimulating challenge to create and implement business plans.

▪ Candidates should be graduate, qualified accountants, with some ten years financial management experience in a market led, professional practice or technical service industry. Professional skills should include comprehensive financial skills, commercial acumen, experience of managing change, the overall design and effective operation of information systems; personal qualities will include intellectual energy, leadership, tenacity, persuasive communication and resilient enthusiasm. These requirements are most likely to be found in someone over 35.

▪ This stimulating and challenging role will appeal to candidates who seek full responsibility for financial and information management in a technically able, market led, commercially disciplined business.

▪ Please send a summary of how you match this requirement, with a curriculum vitae and salary details, quoting Reference PD 478, to Peter Dell at Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

ERNST & YOUNG

Director of Finance & Management Services

North London — Package circa £40K

ACTIONAID is a leading charity reaching up to 2 million people in the poorest parts of Africa, Asia and Latin America and works to create the conditions under which poverty can be reduced in the future. ACTIONAID aims to tackle the causes and effects of absolute poverty by planning and integrating long term development programmes.

The charity now wish to recruit a Director of Finance and Management Services to take over from the present incumbent who leaves in December 1993. The chosen individual will have responsibility for the overall financial stewardship and preserving the financial integrity of the organisation, for the formulation of financial policy and long term financial strategy. The department consists of IT, Finance, Accounting, Administration and Company Secretariat. Apart from the more usual aspects of this role, a knowledge of UK charity law would be a considerable advantage.

Ideally aged 38-48 and a qualified accountant, you will have a working knowledge of the 'not for profit' sector and a strong financial background. Strong technical skills in both finance and IT are essential, as is a track record in strategic planning. Commitment to the ACTIONAID ideals is also essential.

This is a challenging opportunity to assume a key role in a major charity. The remuneration package will be in the region of £40K depending on experience. Interested candidates should send comprehensive CVs and salary details, quoting reference A867 to Tony Saw at the address below.

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1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

OMAN BANK
CHIEF INTERNAL AUDITOR
AGED 35 - 45

A Chartered Accountant, preferably also a member of the Institute of Internal Auditors, is required by a leading bank in the Sultanate of Oman.

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The main role of the Chief Internal Auditor is to manage an internal audit programme to ensure that the highest standards of control are exercised by the bank, and all members of staff are aware of correct and efficient operating procedures. He or she will need to demonstrate a thorough grasp of the theory and practice of both banking and auditing, an ability to work independently with initiative, good written and oral communication skills and a degree of tact and discretion.

The post carries a negotiable salary, free of tax in Oman, likely to be equivalent to £40,000 p.a., (or above where the experience of the successful candidate so merits), furnished family accommodation, a company maintained car and family private medical cover are also provided. Leave is 5 weeks per annum with annual first class return air fares for all family members.

Initial interviews are anticipated to be held in late October/early November. Applicants should submit their CV and covering application in writing promptly to Karen Millard, Recruitment Division, Charles Kendall & Partners Limited, 7 Albert Court, Prince Consort Road, London. SW7 2BJ or fax 071 581 5761.

Please quote reference MPP/223.

PARTNERSHIP ACCOUNTANT
SALARY NEGOTIABLE

Required to head Accounts Department of 30 partner Central London law firm. Should be qualified accountant with proven managerial and technical skills. The appointee will supervise 7 staff, prepare budgets and regular management information, and be responsible for the implementation of a new computerised accounting system.

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FINANCE DIRECTOR — *£ negotiable + benefits*

A privately owned and successful interior design and contract furnishing group located in London is seeking to appoint a Finance Director.

The successful candidate will report to the MD and will be a qualified accountant with at least five years of post qualifications experience of dealing with the commercial aspects of the business.

Initially the candidate's duties will involve the restructuring of the group and, on an on going basis, provide support to the MD in administrative, contractual and financial matters.

The position has a potential for strong career development for a candidate with the right ability and experience.

Please write to *Box B1745, Financial Times, One Southwark Bridge, London SE1 9HL* enclosing your detailed CV.

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COMMODITIES AND AGRICULTURE

Cocoa market 'near a turning point'

By William Keeling in Nusa Dua, Bali

THE PROSPECTS for the cocoa industry, beset by years of low prices and over-production, are finally improving, according to speakers at the International Conference on Cocoa Economy in Bali.

"We appear to be near a turning point with low prices depressing production and stimulating consumption," Mr S. Wateridge, Director of Research at E.D. & F. Man, the UK commodity trading house, told the conference yesterday.

Cocoa analysts note cocoa's world market price has risen more than 25 per cent in three months to more than £950 a tonne and Mr Wateridge predicted a further rise to £1,400 within 18 months.

"The production increases of the mid-1980s are no longer apparent, with the exception of Indonesia," said Mr Wateridge. "Consumption has expanded rapidly despite economic collapse in the former Soviet Union and recession in western Europe and the USA."

World production is forecast at 2.34m tonnes this year, up from the 1.8m tonnes average of 1984-86. While world consumption in 1993 is forecast at 2.44m tonnes, it only rose above production levels a few years ago after seven years of surpluses.

Delegates were split on how the industry's changing fortunes would affect the proposed long-term production agreement discussed by producing nations last July in Geneva. Following the Geneva meeting the International Cocoa Organisation began a four-and-a-half year timetable to sell its stocks of 230,000 tonnes.

Most delegates agreed greater co-operation between producing nations was required if prices rises were to be sustained beyond £1,400, historically not a high price in real terms for cocoa. The proposed agreement, however, has not yet been endorsed by Indonesia and Malaysia, both major producers.

Indonesia's production surged from just 7,000 tonnes in 1980 to 180,000 tonnes last year and is forecast to double again by the end of the decade. Some Indonesian delegates say a production agreement is not in their interests and is unnecessary given the recent improvement in prices and consumption.

While congratulating Indonesia on its record of growth, delegates also had words of caution. Mr Anthony Lass, Head of Agricultural Affairs at Cadbury, the UK confectionery company, said Indonesia must become "quality conscious as well" or its cocoa would continue to sell at a discount to the world market.

Mr Wateridge warned that the extent of future price rises "depends critically on Indonesia". Unless Indonesia curbed production growth it was "likely to put a very low ceiling on the next up-turn in world prices".

● Cocoa producers must come to terms with tough new regulations among consuming countries such as the US governing import quality, a senior US trader told the conference, reports Reuter.

Mr Johann Scheu, president of the Cocoa Merchants' Association of America, said new or newly-implemented regulations governing packaging, use of pesticides and storage conditions were hurting both producer and supplier.

"These changing attitudes of the public, and hence of government, are making life difficult for the cocoa trading and processing community," he warned.

The US leads the world in imposing tough import restrictions on commodities such as cocoa. Cocoa from three of the world's major exporters, Malaysia, Indonesia and Brazil, face compulsory fumigation at the point of import, raising costs for importers who pass it on in the form of lower bids.

Cocoa prices at the London Commodity Exchange touched the highest levels for more than five years yesterday, with the March futures position peaking at £991 a tonne, writes Richard Mooney.

Most of the gain was surrendered, however, and the price closed at £975, up just £7 on the day.

As the market was rising dealers suggested to the Reuter news agency that it had ended its recent "correction" phase and resumed an uptrend based on impending supply deficits and supported by a bullish chart formation. Concern over the state of health of Ivory Coast President Felix Houphouet-Boigny was also a background market factor, they added. The Ivory Coast is the biggest cocoa producer.

Confidence appeared weaken with the later retreat, however. "I don't think it has sufficiently broken the recent high at £983 to warrant short-term optimism," one trader said. "It must be looking to consolidate now for a while."

The retracement began after the New York market failed to sustain its firm opening trend. The technical picture was still good, traders said. but New York's unwillingness to continue the uptrend had sapped the strength of London's rally.

Tin price manipulation alleged

By Kenneth Gooding, Mining Correspondent

SUGGESTIONS THAT the tin price was being manipulated upwards emerged yesterday after the metal's price moved decisively through $5,000 a tonne on the London Metal Exchange only one month after dropping to a 20-year low point of $4,360.

Metal for delivery in three months closed yesterday at $5,053, nearly 16 per cent above last month's low.

"Most of the recent price increase is artificial, the result of a well-timed, concerted effort to boost the price," said Ms Lesley Campbell, analyst at Rudolf Wolff, the commodity broker. As the operation was centred on the Kuala Lumpur Tin Market, rather than the LME, it was probable that the manipulation was producer – and not just merchant – inspired, she suggested in a special report.

Ms Campbell said the timing of the manipulation was perfect as the market was oversold and nervous. But also the fundamental situation of the tin market had changed in the past six weeks as mines had cut production of concentrate (an intermediate product). The market had not responded to this trend previously because refined metal is available from other sources such as the US official stockpile and LME stocks, currently standing at 20,500 tonnes. "The concentrate tightness could take another year to filter through and give real support to prices," said Ms Campbell.

Meanwhile, Reuter reported that delegates at a meeting of the Association of Tin Producing Countries feared tin stocks could rise from 33,000 to 38,000 tonnes by the end of 1993 against an ATPC target of 20,000 tonnes.

Tea planters find salvation in samovars

Imports by CIS states have filled a yawning gap in Sri Lanka's market, writes Richard Cowper

IN ONE of the more theatrical gestures of his tenure as Russian president, Boris Yeltsin last month stopped in the middle of his television broadcast announcing his putsch against the communist old guard in parliament and calmly sipped a cup of tea.

The chances are the tea came from Sri Lanka, for Colombo expects to sell more than 30,000 tonnes to Russia and former Soviet states this year, making the Commonwealth of Independent States by far the country's biggest customer for of tea.

Everyone agrees that Russia and the CIS have come to Sri Lanka's rescue. Two years ago Colombo lost its biggest market in Iraq because of the post-Gulf war United Nations trade embargo and this year, with production expected to be up 30 per cent on 1992, it suffered two further blows with sharp declines in demand from Iran and Egypt.

Last year by far the largest proportion of Sri Lanka's 178,000 tonnes of tea exports was shipped to the Middle East, with Iran in top place taking 24,000 tonnes, Jordan a close second, with nearly 22,000 tonnes, and Egypt third with almost 17,000 tonnes. Iran and Egypt alone accounted for 23 per cent of Sri Lankan exports, but in the first seven months of this year sales to these two fell by half, while Russia and the CIS came from nowhere to take 19,100 tonnes – or 16 per cent of all Colombo's exports.

By the end of this year Russia and the CIS are expected to have bought upwards of 30,000 tonnes of Sri Lankan tea out of total exports of about 205,000 tonnes.

Traditionally, the former Soviet Union imported most of its tea from India in a barter arrangement under which Russian arms were effectively for Indian commodities. But with the break-up of the Soviet Union and arguments with New Delhi over exchange rates the CIS has turned to the world market for its annual requirements.

Sri Lanka was quick to spot the opportunity and mounted a strong export drive, which has enabled Colombo to sell almost all of its cheaper tea to this new market in 1993.

Mr Rupasena Karunatilleke, minister for plantation industries, visited Russia in July and Mr A.R. Mansoor, the minister for trade, made a three-week tour through Russia, Kazakhstan, Belarus, Uzbekistan and the Ukraine in September signing agreements with all five states to promote trade.

"The CIS pays cash and there is tremendous scope for exporting tea and other commodities to these countries," says Mr Mansoor.

'The CIS pays cash and there is tremendous scope for exporting tea and other commodities to these countries'

The Russian market is highly attractive to Colombo for a variety of reasons, including what the Sri Lankan Tea Board sees as the possibility of gaining added value by direct marketing. According to Mr T. Sambasivam, a consultant with the board, the main attractions include:

● Russia traditionally absorbs about 160,000 tonnes of tea a year, mostly orthodox teas of which Sri Lanka is by far the world's biggest exporter.

● The CIS and Russia pay cash.

● Deteriorating economic circumstances means these countries want the cheapest quality tea, which suits Sri Lanka because it can offload traditional teas which otherwise might be difficult to sell.

● Russia has few factories for packaging and labelling into consumer packs – a field in which Colombo has great expertise.

● No multinational drinks company has an entrenched position in Russia, nor does one single brand dominate the market.

Mr Sambasivam says if all goes well the hope is to export up to 40,000 tonnes to Russia and the CIS next year when it is hoped that Sri Lanka's newly-appointed plantation managers will have further boosted the country's tea output to a record 250,000 tonnes, weather permitting.

Survey reveals S Australia's 'staggering' mineral wealth

By Kenneth Gooding, Mining Correspondent

MINING COMPANIES are expected to spend A$25m (£11m) exploring the state of South Australia in the next 12 months following the revelation that, according to Mr Ross Fardon, director general at the department of mines and energy, some of the most abundant mineral resources are to be found there under shallow cover.

He says the state has the potential to rank alongside Western Australia, Chile and South Africa in the mining industry.

This follows a A$16m geological survey – one of the most comprehensive ever seen in the western world – carried out by the state government. The survey was needed because two-thirds of South Australia is covered by soil and sands which hide the mineral-bearing bedrock. However, advanced aeromagnetic surveys are able to penetrate this cover.

"The results are staggering," says Mr Fardon. "We've discovered bedrock terrains under shallow cover which are equivalent to those containing the giant mineral deposits at Broken Hill, Mount Isa and Olympic Dam, all world-class deposits."

About 500,000 square kilometres, an area the size of Spain, are being mapped and tied in with other high-quality data and the details are being made available at very little cost to exploration companies.

Mr Fardon is at present on a three-week tour of Europe and South Africa to spread the word. "We would welcome foreign expertise and money," he says.

So far about 30 per cent of the survey data has been released and applications for exploration licences have trebled in the first eight months of this year.

The early data also sparked a diamond rush after aeromagnetic and radiometric pictures revealed about 60 geological "bubbles" which closely resemble diamond-bearing kimberlite pipes.

"We could be sitting on diamond resources comparable to the world's biggest diamond mine at Argyle in Western Australia," says Mr Fardon enthusiastically.

About ten companies have started a diamond search and are expected to spend about A$2m this year. They include De Beers' local subsidiary Stockdale, CRA, Ashton Mining, and Poseidon.

The department of mines believes that the region could contain deposits of gold, copper, lead, zinc, iron ore, nickel, chromium and tin in addition to diamonds. The main focus of interest is the Gawler Craton, a huge geological block which stretches over the Eyre Peninsula and north beyond Coober Pedy.

Mr Fardon says: "Foreign companies are welcome in their own right but we would prefer them to joint venture with an Australian company. And to acquire tenements they must have a registered company in Australia".

Scientist challenges conventional wisdom on nitrates in water

By Alison Maitland

RISING LEVELS of nitrate in water supplies are due primarily to natural changes in the soil rather than to the use of fertilisers by farmers, according to a leading British soil scientist.

Mr David Jenkinson, of Reading University and Rothamsted Experimental Station in Hertfordshire, said that reducing fertiliser applications would do little to control nitrate leaching. Money spent on cutting nitrate levels in drinking water could have more medically-useful outlets, he suggested.

Mr Jenkinson, who has been carrying out research at Rothamsted for 36 years, was delivering the Massey Ferguson National Agricultural Lecture at the Royal Society of Arts in London this week.

Most crops left negligible amounts of unused fertiliser in the soil at harvest, according to a series of experiments begun in 1980, he said.

"Farmers spend some £350m on nitrogen fertilisers every year in the UK – we wanted to make sure they receive value for their money and that as little as possible of the nitrogen ends up where it is not wanted."

Most of the nitrate leached from arable land came from organic nitrogen being broken down gradually into ammonium ions, which were then converted by soil bacteria into nitrate ions, said Mr Jenkinson. This nitrate remained in the soil, in danger of leaking into water supplies, at times of the year when there were no growing crops to take it up.

Changes in farming – notably the increased land under crops and the rise in soil fertility produced by both organic and inorganic fertilisers – had allowed more of this natural nitrogen to turn to nitrate because well-fertilised crops left more organic residues, containing more nitrogen, than unfertilised crops.

Certain farming practices, such as excessive use of fertiliser or organic manures, or the application of fertiliser nitrogen in the autumn as a crop "starter", could contribute directly to nitrate leaching.

But no agriculture system could be rendered completely safe from the risk of leaching, Mr Jenkinson said. Even soil that had not had any manure or artificial fertiliser applied for 150 years still "leaked" nitrate.

The problem could be lessened by cutting the time that soil remained bare in the autumn and winter, for example by sowing winter cereals early or by growing cover crops.

However, Mr Jenkinson argued that there was minimal medical evidence that current levels of nitrate in drinking water were harmful. The last case of "blue-baby syndrome" in the UK was recorded in 1972.

"Stomach cancer has been linked to nitrate in drinking water but the epidemiological evidence is not in support," he said. "In the UK stomach cancer is most common in areas where the nitrate concentration in drinking water is lowest. Nitrate concentrations have been increasing in water supplies, yet the incidence of stomach cancer has been decreasing."

By 1995, water companies in England and Wales would have spent £164m on meeting the EC nitrate limit of 50mg per litre. "Risk-benefit analysis suggests that there are far more medically useful ways to spend money than by reducing nitrate levels in drinking water when money is in short supply," said Mr Jenkinson.

Turning to global warming, he said research at Rothamsted indicated that an increase in temperature of 1.5 degrees centigrade over the next 60 years would release an extra 1bn tonnes of carbon as carbon dioxide into the atmosphere each year from soil organic matter.

This was in addition to the roughly 6bn tonnes of carbon currently being released each year by burning fossil fuels.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices fell back heavily in the afternoon on the London Metal Exchange, pulling other base metals off their highs. Dealers said the selling that engulfed the market led to copper buckling below the $1,650-a-tonne level (for three months delivery), where consolidation had been attempted. The price finished at the day's low of $1,639 a tonne, down $9 from Wednesday's final kerb close and $20 below the day's high. The ALUMINIUM market was unsettled by the sell-off in copper, with the three months price, which had touched $1,132 a tonne, falling back below $1,120 to close at $1,119.50, still up some $3 from Wednesday. At the London Commodity Exchange COFFEE futures ended with good gains but off the day's highs. The January position climbed to $1,219 a tonne but slipped to end $21 up on balance at $1,216. Volume was light at 2,945 lots (5 tonnes each), of which 1,094 were crossed. Dealers said the market continued to be plagued by rumours over whether Brazil would continue with the planned retention scheme in the wake of the government corruption scandal.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Dec)		+ or -
Dubai	$15.13-5.18	+0.195
Brent Blend (dated)	$16.83-6.88	+0.185
Brent Blend (Dec)	$17.21-7.24	+0.185
W.T.I (1 pm est)	$18.52-8.54u	+0.16
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$190-192	
Gas Oil	$176-177	+1
Heavy Fuel Oil	$81-83	
Naphtha	$160-162	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$373.30	+1.35
Silver (per troy oz)♣	453.5c	+2
Platinum (per troy oz)	$375.85	+0.75
Palladium (per troy oz)	$131.60	-2.05
Copper (US Producer)	84.5c	
Lead (US Producer)	33.5 c	
Tin (Kuala Lumpur market)	12.51m	+0.16
Tin (New York)	228.0c	+5.5
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	121.08p	+3.45*
Sheep (live weight)†♣	81.58p	+1.73*
Pigs (live weight)†	68.05p	+1.95*
London daily sugar (raw)	$261.40	+0.4
London daily sugar (white)	$292.0	+1
Tate and Lyle export price	£286.0	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120.0	
Wheat (US Dark Northern)	£166.5	
Rubber (Nov)♥	60.75p	+0.75
Rubber (Dec)♥	61.00p	+0.75
Rubber (KL RSS No 1 Jul)	205.6m	+0.5
Coconut oil (Philippines)§	$437.5v	+2.5
Palm Oil (Malaysian)§	$335.0u	-5
Copra (Philippines)§	$270.0	
Soyabeans (US)	£190.0	
Cotton "A" index	54.35c	-0.05
Wooltops (64s Super)	334p	+10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Jan/Feb u-Dec t-Sep/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL - IPE			$/barrel	
	Latest	Previous	High/Low	
Dec	17.17	17.08	17.24	17.13
Jan	17.34	17.27	17.38	17.31
Feb	17.48	17.41	17.50	17.44
Mar	17.57	17.48	17.59	17.53
Apr	17.68	17.56	17.68	17.61
Jun	17.80	17.75	17.80	
IPE Index	17.04	16.97		

Turnover 19804 (26849)

GAS OIL - IPE			$/tonne	
	Close	Previous	High/Low	
Nov	171.25	169.50	171.50	169.50
Dec	171.00	169.75	171.50	170.50
Jan	170.50	169.50	170.75	170.25
Feb	170.00	169.00	170.00	169.75
Mar	168.50	167.75	168.75	167.75
Apr	166.75	166.00	167.00	166.50
May	165.75	165.00	165.75	165.75
Jun	164.50	164.25	165.00	164.50
Jul	166.25		165.25	

Turnover 17199 (13823) lots of 100 tonnes

SUGAR - LCE			($ per tonne)	
White	Latest	Previous	High/Low	
Dec	278.50	278.60	279.00	276.80
Mar	275.10	276.30	277.50	274.50
May	278.20	279.30	280.00	277.80
Aug	283.00	283.20	284.10	283.00
Oct	276.00	275.60	276.30	276.00

Turnover 996 (1539) Paris- White (FFr per tonne): Dec 1617.21 Mar 1618.84

FRUIT & VEGETABLES
There are plenty of tasty English apples to choose from this week. English Cox's orange pippins are 20-50p a lb and English Bramley cooking apples are 25-50p a lb, and English Russets are 40-50p a lb. Other good fruit buys include New Zealand Kiwifruits at 15-20p each and English, Dutch and Belgian Comice pears at 30-60p a lb. English, French and Spanish carrots are the best vegetable buy this week at 12-25p a lb. English and Dutch leeks at 35-70p a lb and English and Dutch onions at 15-25p a lb are also good buys. Spanish and Canary Island tomatoes are this week's best salad buy, widely available for 35-70p a lb.

No.7 RAW SUGAR - LCE			(cents/lbs)	
	Close	Previous	High/Low	
Mar	10.54	10.52	10.55	10.49
Jul	10.99	11.02	11.00	10.94

Turnover 71 (257) lots of 50 tonnes.

COCOA - LCE			£/tonne	
	Close	Previous	High/Low	
Dec	942	941	960	936
Mar	976	968	991	965
May	983	971	993	966
Jul	983	976	988	974
Sep	984	972	989	979
Dec	969	959	970	960
Mar	964	961	973	956
May	966	963	972	951
Jul	966		974	953

Turnover: 14965 (5661) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 20 928.40 (916.27) 10 day average for Oct 21 904.05 (903.99)

COFFEE - LCE			$/tonne	
	Close	Previous	High/Low	
Nov	1195	1175	1203	1175
Jan	1216	1195	1219	1200
Mar	1197	1174	1200	1182
May	1183	1176	1192	1182
Jul	1190	1175	1184	
Sep	1188		1190	1184

Turnover: 2945 (3844) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 20 Comp. daily 68.29 (63.13) 15 day average 67.30 (67.31)

POTATOES - LCE			£/tonne	
	Close	Previous	High/Low	
Apr	91.3	91.8	91.6	90.0
May	105.0	104.9	133.0	122.0

Turnover 74 (149) lots of 20 tonnes.

FREIGHT - LCE			$10/index point	
	Close	Previous	High/Low	
Oct	1335	1328	1325	1330
Nov	1333	1339	1349	1333
Dec	1333	1333	1343	1333
Jan	1347	1340	1347	1343
Apr	1370	1365	1370	1365
Jul	1208	1195	1225	
BFI	1351	1361		

Turnover 202 (217)

GRAINS - LCE			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	98.75	98.65	99.10	98.35
Jan	100.90	100.65	101.10	100.35
Mar	102.75	102.45	103.00	102.25
May	104.30	104.30	104.50	104.00
Barley	Close	Previous	High/Low	
Nov	101.20	101.30	101.30	101.25
Jan	103.20	103.05	103.30	103.20

Turnover: Wheat 343 (639) Barley 39 (47)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 30,289 lots	
Cash	1100.5-01.5	1096-97		1100-01		
3 months	1122-23	1117.5-18	1124/1118	1121.5-22	1119-20	232,360 lots
Copper, Grade A ($ per tonne)					Total daily turnover 83,066 lots	
[illegible]						

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Nov	54.45	54.24	54.75	54.20
Dec	55.40	55.02	55.65	55.10
Jan	56.00	55.62	56.15	55.70
[illegible]				

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	623/4	614/4	624/0	611/4
[illegible]				

New York

[illegible]

Shares surge after German rate cuts

By Steve Thompson

ALL THE major UK equity market indices powered ahead to new records yesterday as the big international institutions responded to the move by Germany's Bundesbank in cutting its key interest rates.

The German move was seen by London brokers as ensuring a reduction in UK rates in the near future. London trading desks were buzzing with rumours during the late afternoon that a meeting had been called at the Bank of England to consider an immediate reduction of ½ percentage point this morning, with a further half-point cut at the time of the November 30 Budget.

At the close of an extremely tense and volatile session in the City, the FT-SE 100 Index had reached a new intraday and closing high of 3,188.3, up 32 points. The index has risen almost 100 points over the past five trading days as the market began to scent a move to lower interest rates across Europe, starting with Germany. Moves to lower rates by other European countries, notably France and the UK, are expected shortly, according to dealers.

The burst of strength in the London equity market was not confined to the top 100 stocks, although much of the initial flurry of buying interest was carried out in these highly liquid shares. The FT-SE Mid 250 Index closed at a peak 3,526.2, up 19.1.

Turnover in UK equities erupted during an afternoon of increasingly frantic trading, eventually reaching a heavy 745.6m shares, the highest since October 6, with activity in the leaders accounting for almost half the market business.

Dealers said customer, or retail, business increased sharply yesterday and they expect the value of customer trading to top the £1.5bn figure achieved on Wednesday. Customer business has remained well above usual levels all this week, having reached £1.8bn last Friday, itself the heaviest figure since late August.

Market sentiment at the close of business was a far cry from the initial tone in the City yesterday morning. Dealers remained wary of the chances of a German rate cut and continued to fret over the possibility of a sharp correction on Wall Street in the near future.

Share prices opened marginally higher but began to slip back as the Footsie future moved lower, dragging the underlying 100-share index to the day's low of 3,149.3 in mid-morning. Thereafter, very little actual business transpired, with marketmakers trying to smooth out any awkward book positions ahead of the Bundesbank council meeting while all the time expecting the German bank to hold rates and the market to move lower.

The market's immediate reaction to the twin rate cut was to hold steady for a matter of minutes before embarking on a strong upward push to its eventual closing record.

Some of the leading marketmaking firms in the City are believed to have been wrong-footed by the steep rise in share prices over the past two weeks, with short positions said to have been increasingly exposed in the past couple of sessions.

Late yesterday it was said that some of the big UK institutions had pushed some panicky buying orders into a sharply rising market. "The market exploded yesterday, which means there was a small panic; we are in for a volatile few days," said one top marketmaker.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group†	8,800	54½	-1	Dalgety	578	468	+4	MB Caradon†	2,600	337	+2½	Siebe†	861	538	
Abbey National†	2,800	421	+3	De La Rue	278	730	+6	MEPC†	3,900	534	+13	Slough Ests	613	381	+3
Albert Fisher	11,000	75	-5	Dixons	1,000	280	-1	MFI	389	148		Smith (W.H.) A	584	480	+1
Allied-Lyons†	1,700	599	+12	Eastern Elect.	289	587	+2	Manweb	597	683	+6	Smith & Nephew†	3,300	142½	+2
Anglian Water†	1,100	550		East Midland Elect.	243	587	+5	Marks & Spencer†	3,400	403	-5	SmKl Beechams†	3,800	434½	+12½
Argos	673	345	-1	Eng China Clays	642	422	+7	Midlands Elect.	607	622	+4	SmKl Beecham Uts.†	2,300	392	+17
Argyll Group†	3,400	299	+2	Enterprise Oil†	1,600	508	-3	Morrison (Wm.)	2,800	108	+1	Smiths Inds.	631	396	+1
Arjo Wiggins†	1,200	278	-3	Eurotunnel Units	11	471	-3	NFC†	674	275	+6	Southern Elect.	288	608	+2
Assoc. Brit. Foods†	510	475	-3	FKI	734	174½	+1½	NatWest Bank†	6,800	575	+11	South Wales Elect.	674	657	+5
Ass. Brit. Ports	344	498	+8	Fisons	2,700	163½	-½	National Power†	1,000	417	+4½	South West Water	618	604	+1
BAA†	918	893	-2	Foreign & Col. I.T.	933	271	-2	Next	770	199	+4	South West. Elect.	68	605	+2
BAT Inds.†	5,600	488	+4	Forte†	2,800	219	+2	North West Water†	1,800	554	-5	Southern Water	848	599	-8
BET	5,900	135½	+4½	Gen. Accident†	1,800	717	+4	Northern Elect.	33	647	+4	Standard Chartd.†	2,600	1015	+9
BICC	1,900	402	+4	General Elect.†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC†	2,800	660	-11	Glaxo†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP†	14,000	344	+4½	Glynwed Int.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BPB Inds.	1,300	268	+7	Granada†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BT†	7,600	473	+1	Grand Met.†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BT (P/Paid)	8,200	223	+1	GUS A†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR†	5,300	369	+3	GRE†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Scotland†	3,000	186½	+4½	GKN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays†	3,500	572	+10	Guinness†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass†	2,600	491	+10	HSBC (75p shs)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle†	4,700	300	+10	Hammerson 'A'	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Booker	3,000	384		Hanson†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots†	1,300	569	+2	Harrisons Crosfield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bowater†	2,200	440		Hillsdown	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aerospace†	1,800	410	+1	IMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Airways†	1,700	388		ICI†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas†	11,000	338	+6½	Inchcape†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Land	622	414	-2	Johnson Matthey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Warburg (SG)†	1,100	879	-3
British Steel†	9,100	129½	+3½	Kingfisher†	3,300	551½	+4½	Royal Bk Scotland†	3,600	361	+6	Wellcome†	3,500	823	+36¼
Bunzl	738	145	-2	Kwik Save	996	680	+12	Royal Insurance†	1,500	325	+2	Welsh Water	1,900	657	+7
Burmah Castrol†	557	775		Ladbroke†	4,800	181	+1	Sainsbury†	3,700	419	+2	Wessex Water	401	685	-9
Burton	3,800	79½	+½	Land Securities†	1,000	728	+8	Schroders†	3	1260		Whitbread 'A'†	1,100	522½	-1½
Cable & Wire.†	3,000	963	+15	Laporte	188	694	+3	Scottish & New.†	2,500	480	+3	Williams Hldgs.†	1,800	330	+5
Cadbury Schweppes†	1,600	488		Legal & General†	828	536	+11	Scot. Hydro-Elect.	742	416	+4½	Willis Corroon	856	223	-1
Calor Group	36	278		Lloyds Abbey	845	480	+3	Scottish Power†	2,100	414	+4	Wimpey	712	174	+6
Carlton Comms†	804	758	-5	Lloyds Bank†	3,200	575	+2	Sears†	6,200	116½	+2½	Wolseley†	564	701	+8
Coats Viyella†	3,980	276	+3	LASMO	1,200	140½	+3	Sedgwick	1,800	184	+4	Yorkshire Elect.	404	623	-1
Comm. Union†	2,700	655	+19	London Elect.	338	593	+8	Seeboard	304	662	+4	Yorkshire Water	454	579	-1
Cookson	1,400	207	+2	Lonrho	1,700	130½		Severn Trent Water†	1,800	559½	-7½	Zeneca†	2,000	783½	+4½
Courtaulds†	828	498	+1½	Lucas	3,900	188	+1	Shell Transport†	7,800	708					

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:		
Oct 4	Oct 18	Nov 1
Option Declarations:		
Oct 14	Oct 28	Nov 11
Last Dealings:		
Oct 15	Oct 29	Nov 12
Account Day:		
Oct 25	Nov 8	Nov 22

*New time dealings may take place from two business days earlier.

Heaviest trade in Rothmans

THE spotlight in the market yesterday fell on Rothmans International "B" stock, which recorded its most active ever trading session ahead of the company's restructuring into two separate groups that takes effect on Monday.

A ruling by the Stock Exchange means that new shares issued by Rothmans and Vendome, following the reorganisation of the tobacco and luxury goods empire, will not be included in the UK stock market indices.

Several large blocks of shares were sold early in the session, with dealers pointing to index tracking funds, which have been sellers for most of this week, taking advantage of the strong market trend to exit the stock. However, most of the shares on offer were quickly mopped up by the income funds eager to take advantage of the big yield premium in the stock and it was that demand, accompanied by a buy recommendation from Smith New Court, which led to a squeeze around midday, sending the shares climbing 32 to a day's peak of 629p.

Profit-taking during the afternoon saw the shares surrender some of the earlier gain to finish 24 ahead at 621p. Turnover rose to a hefty 19.1m, against the stock's daily average of around 500,000.

Drugs strong

Drugs stocks were among the best performers in the London market yesterday as the caution that has hovered over the sector looked to be fast dissolving.

The positive sentiment has been growing recently with a steady stream of bullish comments – US broker Wertheim Schroder being the latest investment house to become more positive on the sector. Yesterday the feeling burgeoned, producing some squeezing in the stock and pushing prices higher.

While yields have been one attraction, another consideration is that some stocks – particularly Wellcome and Zeneca – have underperformed the market this year and attracted attention from those in the market who believe the selling overdone.

Wellcome was one of the sector's strongest features yesterday, pushing well past its important 800p level – the price at which the Wellcome Trust sold its second tranche of shares to institutions – and closing at 823p, a rise of 36¼ on the day. With volume at 3.3m there was some feeling that a shortage of stock helped to boost the price increase.

The stock was also still benefiting from recent drug test results. Market anticipation is also growing ahead of Wellcome's results next week. And, as a great deal of the activity in the stock came after the opening of Wall Street, some industry specialists suggested US interest was also growing.

Glaxo moved ahead in strong volume of 8.4m, making a gain of 23 at 723p. One analyst said that yield factors lay behind the performance. SmithKline Beecham "A" added 12¼ at 434¼p and Zeneca firmed 4¼ to 783½p.

Invergordon bid

Whyte & McKay finally made its long-awaited offer for Invergordon following the purchase of a 13.5 per cent stake from Robert Fleming Investment Management to take the US group's holding to nearly 55 per cent. Whyte & McKay has been sitting on a 41.3 per cent stake in the Scottish whisky company for two years since its failed hostile bid at 275p a share.

Yesterday's renewed offer came at 300p a share, although market sources hinted that some institutions approached previously by Whyte & McKay had been holding out for a higher offer. However, the US group said yesterday's £382.4m offer was final. Most drinks analysts believed the price to be a fair one, particularly in light of the dull global spritis market and the threat of a Christmas price war brewing. Invergordon shares gained 3 to 297p.

The telecoms sector once again saw strident price moves, although it took the arrival of US investors late in the day to fuel the bulk of the moves.

After almost a week of profit-taking, Vodafone jumped 15 to 561p, while Cable and Wireless added the same at 963p. Dealers said the latter had been helped by a Mercury presentation at Kleinwort Benson.

Reports of a stock overhang and a broker's downgrading in Inchcape brought a sharp retreat for the shares. They finally gave up 19 to 512p, in trade of 3.3p, following a press report that a seller of around 4 per cent of the company's shares had found few takers.

Sentiment was further hit by reports that James Capel had reduced its current year forecast by £13m to £278m, and reduced the following year's figure by £30m to £320m.

Water stocks generally underperformed, with Credit Lyonaise among those advising a pause for breath ahead of the latest Ofwat report early next month. North West slipped 5 to 554p, Severn Trent 7½ to 559½p and Wessex 9 to 685p.

Preferred instead were selected regional electricty stocks (Recs), among which, London gained 6 to 599p, South Wales 5 to 657p and Manweb 6 to 653p.

Allied Lyons spurted 12 to 599p, spurred on by renewed enthusiasm from Kleinwort Benson. Hoare Govett, meanwhile, were said to be equally bullish over Bass as a "quality yield stock". The shares added 10 to 491p. Hoare's and Henderson Crosthwaite were also recommending Grand Metropolitan, up 4 at 423p.

The Bundesbank cut produced a strong performance by building stocks with large exposure in Germany. Redland moved up 10 to 555p, while RMC added 16 to close at 838p.

Reflection and comment over hints from WH Smith on Wednesday that it was considering restructuring its share system saw further gains, mainly in the high-voting B's.

Smith has indicated to stores analysts that reforming the two-tier structure was more likely to happen the higher the premium in the B's over the A's. The B's eventually closed 6 ahead at 104p, the A's a penny at 480p.

Hopes of a UK interest rate cut, together with good retail figures, which had lifted several stores stocks in the previous session, impacted on some of those left behind yesterday. Next put on 4 to 199p, Sears 2¼ to 116¼p and Stylo 6 to 197p.

Results from Albert Fisher disappointed market expectations and the shares fell back 5 to 75p on big turnover of 9.9m. Food manufacturing analysts trimmed their forecasts back to below £50m for next year amid cautious remarks from the company.

After a couple of high-profile sell notes against ICI, the stock put up a strong fight to finish unclosed on the day at 709p after slipping down in early trading.

Strong support was seen late in the session and one analyst said that persistent buying showed that investors were looking optimistically at the company's long-term performance. Bearish sentiment has surrounded its third quarter figures which are due next week.

BOC was out of favour and fell 11 to 660p. It announced that it was to reorganise its joint venture with Dow Chemical.

Enfranchisement plans helped a leap in Parkland Textiles from 260p to 365p with the A shares rising 48 to 221p. A good recovery in profits also provided a large amount of power behind the jump.

The failure to win in the European Cup on Wednesday hit Manchester United, off 22 at 560p. Thorn EMI rallied after its recent drift, the shares gaining 12 to 921p.

A stock overhang combined with continued worries of a cut in defence spending in next month's budget hurt Vickers. The shares shed 5 to 146p.

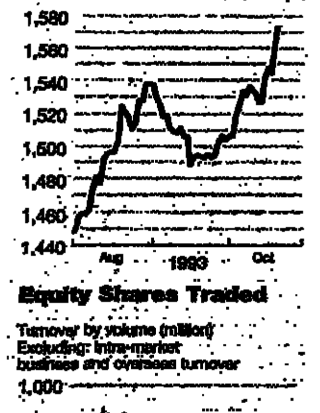
International mining group RTZ put on 12 to 678p, after a presentation at Kleinwort Benson on Wednesday.

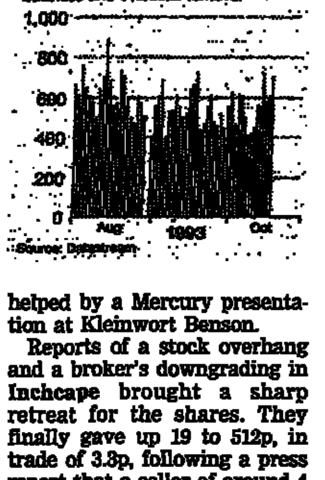
Fears that a win by the opposition in the Canadian general could lead to the cancellation of a lucrative helicopter order weakened Westland Group. The shares fell 4 to 216p.

Shares in BM Group edged a half-penny forward to 21p, after its 75 per cent holding in British Building & Engineering Appliances of around 16m shares was placed by broker Albert E Sharp, with institutions.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

■ Other statistics, Page 23





NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (272).
BRITISH FUNDS (52) BANKS (6) ABN Amro, Bank of Ireland, Bank of Scotland, Natl. Westminster, Royal Bk. of Scotland, BREWERS (2) Regent Inns, Wetherspoon (J.D.), BLDG MATLS (7) Anglian, Blue Circle, Do. 7¾pc Pf., Cape, Gibbs & Dandy A, Meyer, Wolseley, BUSINESS SERVS (1) Adam & Harvey, CHEMS (2) Porvair, Yorkshire, CONGLOMERATES (4) AGA, Glevee, Hanson, Do. 9½pc Bd., CONTG & CONSTRCN (4) Crest Nichol., EBC, Havelock Europa, Hewden-Stuart, ELECTRICALS (1) ASEA B, ELECTRICITY (4) Manweb, Scott. Hydro, Scott. Power, Sth. Wales, ELECTRONICS (4) Elec. Data, Electron House, Pelon, Tunstall, ENG AERO (1) Smiths Inds., ENG GEN (1) FKI, FOOD MANUF (1) Avonmore A, HEALTH & HSEHOLD (2) Assoc. Nursing, Reckitt & Colman 9¾pc Bd., HOTELS & LEIS (1) Castle Comms., INSCE BROKERS (1) Archer (A.J.), INSCE COMPOSITE (2) Domestic & Gen., Skandia, INSCE LIFE (3) Irish Life, Legal & Gen., Prudential, INV TRUSTS (94) MEDIA (7) More O'Ferrall, News Intl., Pearson, Reed Intl., Reuters, Taylor Nelson, Watmoughs, MISC (7) Excalibur, Gt. Southern, Kershaw (A), Minmet, Norbain, Porth, Waterman Part., MOTORS (1) First Tech., OIL & GAS (4) Brit. Borneo, Brit. Petm., Total B, Woodside, OTHER FINCL (10) Aberdeen Tst., Camellia, Henderson, Jardine Strat., M & G, Mercury Asset Mgmt., Perpetual, Sharelink, Smith New Court, Do. Pf., OTHER INDLS (2) Vinten, Whitecroft, PACKG, PAPER & PRINTG (3) De La Rue, Gibbon Lyons, Hunters Armley, PROP (16) STORES (3) Brown (N), Marks & Spencer, Stylo, TELE NETWORKS (3) Brit. Telecom, Securicor A, Security Services, TEXTS (7) Alexandra Workwear, Coats Viyella, Jacques Vert, Lamont, Parkland A, Worthington, Yorklyde, TRANSPORT (5) Assoc. Brit. Ports, Forth Ports, Powell Duffryn, Seacon, TNT, PLANTATIONS (2) Kuala Lumpur Bhd., Rowe Evans, MINES (10) Bakyrchik, F.S. Cons, Lorraine, Oryx Gold, Ovoca, St. Helena, Sons Gwalia, St. Barbara, Welkom, Western Areas.
NEW LOWS (15).
BRITISH FUNDS (2) Treas. 8½pc 1994, Treas. 14½pc 1994, AMERICANS (2) Decora, WMX Tech., BREWERS (1) Macallan-Glenlivet, BUSINESS SERVS (1) Inchcape, ELECTRONICS (1) Multitone, HEALTH & HSEHOLD (1) Kynoch, MEDIA (1) Gold Greenlees Trott, MISC (2) Beckenham, Lionheart, OTHER INDLS (2) AAF, Staveley, PROP (1) Comco, TEXTS (1) Conrad.

FINANCIAL TIMES EQUITY INDICES

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 15	Year ago	*High	*Low
Ordinary share	2397.9	2379.2	2353.8	2363.0	2354.3	1969.8	2414.2	2124.7
Ord. div. yield	3.87	3.91	3.94	3.93	3.95	4.61	4.52	3.82
Earning yld % full	4.49	4.53	4.57	4.56	4.58	6.59	6.38	4.49
P/E ratio net	28.05	27.80	27.58	27.63	27.48	19.29	28.30	19.40
P/E ratio nil	25.88	25.64	25.43	25.48	25.34	17.83	26.14	18.14
Gold Mines	227.8	224.7	218.7	213.3	213.7	74.8	249.2	80.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2382.8	2381.3	2378.4	2374.5	2377.5	2375.3	2383.6	[illegible]	[illegible]	[illegible]	2370.2

Volume	Oct 21	Oct 20	Oct 19	Oct 18	Oct 15	Year ago
SEAQ Bargains	32,356	32,289	32,637	[illegible]	[illegible]	28,944
Equity Turnover(£m)†	-	1501.8	1760.7	[illegible]	[illegible]	1295.7
Equity Bargains†	-	38,561	37,454	[illegible]	[illegible]	34,315
Shares traded (mil)†	-	705.1	615.2	[illegible]	[illegible]	607.3

† Excluding intra-market business and overseas turnover.

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EQUITY FUTURES AND OPTIONS TRADING

TRADING in Footsie futures was vigorous after the German cut in interest rates, whipping up the December contract to a new high with a strong premium against cash, writes Christine Buckley.

Persistent rumours in equity derivatives that a cut in home base rates is imminent sprang into life again after Germany's action, taking December on a swift journey upwards. Such was the strength of the conviction that some market watchers expected a half-point cut would be announced by the Bank of England this morning.

The fever was further fired by strong European markets and trading was virtually one-way traffic for all of the session after the Bundesbank's announcement. Institutions, who have largely kept to the sidelines in recent sessions, weighed into the action. By the close, they had helped take the volume up to 14,869 contracts - the highest amount in recent trading.

December had opened firmly at 3,164 and charted a steady course upwards before easing back a little by mid-morning. The German fillip gave it more vigour and it ended on its high of the day at 3,220 – a lead of more than 20 points over the fair value premium to cash, which is about 15 points.

Volume reached in after-hours was a hefty 17,541 contracts.

Index options were active with 16,720 lots dealt out of a total traded options volume of 37,384.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3188.3 +32.0	3526.2 +19.1	1571.07 +13.38

	Oct 21	Day's change %	Oct 20	Oct 19	Oct 18	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3188.3	+1.0	3156.3	3129.6	3137.6	2558.1	3.65	5.38	23.64	84.86	1161.90
FT-SE Mid 250	3526.2	+0.5	3507.1	3485.8	3486.9	2494.6	3.47	5.70	21.34	83.22	1272.74
FT-SE Mid 250 ex Inv Trusts	3523.7	+0.6	3503.5	3485.8	3488.8	2488.5	3.58	6.12	20.03	85.55	1267.53
FT-SE-A 350	1587.4	+0.9	1573.1	1559.7	1563.8	1278.7	3.63	5.45	22.84	41.11	1184.83
FT-SE SmallCap	1769.77	+0.2	1766.98	1762.11	1761.81	-	3.07	3.80	36.07	37.56	1358.90
FT-SE SmallCap ex Inv Trusts	1783.85	+0.2	1780.72	1777.89	1777.18	-	3.27	4.22	33.54	39.85	1348.56
FT-A ALL-SHARE	1571.07	+0.9	1557.69	1545.92	1548.78	1253.63	3.60	5.35	23.18	40.21	1193.50

	Oct 21	Day's change %	Oct 20	Oct 19	Oct 18	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
1 CAPITAL GOODS(215)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials(28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction(29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals(15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics(28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Engineering-Aerospace(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Engineering-General(49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals & Metal Forming(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrials(19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP(240)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers(29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing(24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health & Household(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Hotels and Leisure(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 Media(34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging and Paper(26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores(35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS(144)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Business Services(27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals(24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Transport(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Electricity(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Telephone Networks(4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous(32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP(598)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 "500" SHARE INDEX(615)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP(91)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life)(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite)(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers)(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property(33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts(111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 FT-A ALL-SHARE(818)	1571.07	+0.9	1557.69	1545.92	1548.78	1253.63	3.60	5.35	23.18	40.21	1193.50

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3161.8	3159.8	3154.5	3154.9	3159.0	3157.3	3170.2	3171.5	3184.7	3188.3	3149.3
FT-SE Mid 250	3507.1	3507.1	3508.9	3507.4	3509.5	3509.9	3518.6	3516.4	3521.6	3526.2	3504.2
FT-SE-A 350	1573.2	1574.4	1572.4	1572.6	1574.4	1573.8	1579.4	1579.9	1585.5	1587.4	1570.1

Time of FT-SE 100 high: 4.28pm low: 10.23am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	Change
Construction	2000.8	2000.8	2000.8	2000.8	2008.5	2001.2	2005.8	2005.1	2007.2	2017.3	2008.8	+18.5
Health & H	1148.9	1147.8	1144.8	1145.3	1145.5	1149.2	1154.8	1170.6	1173.6	[illegible]	1140.8	+32.4
Water	1585.0	1582.9	1582.1	1578.2	1580.9	1580.9	1578.7	1575.4	1581.1	1585.9	1594.5	-8.6
Banks	2028.0	2032.1	2028.9	2027.3	2027.8	2028.8	2037.9	2034.8	2042.2	2042.3	2026.1	+16.2

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
Treas 10½pc 1999	119[illegible]	+[illegible]	118[illegible]	112[illegible]	8.83	6.39
Conversion 10¼pc 1999	118¾xd	+[illegible]	118¾	112[illegible]	8.62	6.43
8pc 2000‡‡	113[illegible]	+[illegible]	113[illegible]	106	7.94	6.39
Treas 13pc 2000	133[illegible]	+[illegible]	133[illegible]	125[illegible]	9.73	6.68
10pc 2001	119[illegible]	+[illegible]	119[illegible]	109[illegible]	8.40	6.84
7pc '01 ‡‡	102[illegible]	+[illegible]	102[illegible]	97[illegible]	6.88	6.50
9¾pc 2002	119[illegible]	+[illegible]	119[illegible]	108[illegible]	8.17	6.79
8pc 2003‡‡	109[illegible]	+[illegible]	109[illegible]	97[illegible]	7.34	6.71
8pc 2003 A‡‡	109[illegible]	+[illegible]	109[illegible]	102[illegible]	7.34	6.71

Undated	Price £	+ or -
Consols 4pc	64½	+¼
War Loan 3½pc‡‡	49¾	+¾
Conv 3½pc '61 Aft.	67½	+¼
Treas 3pc '66 Aft.	40¾	—
Consols 2½pc	35¾	+¾
Treas. 2½pc	34½	+½

BRITISH FUNDS - Cont.

[illegible]

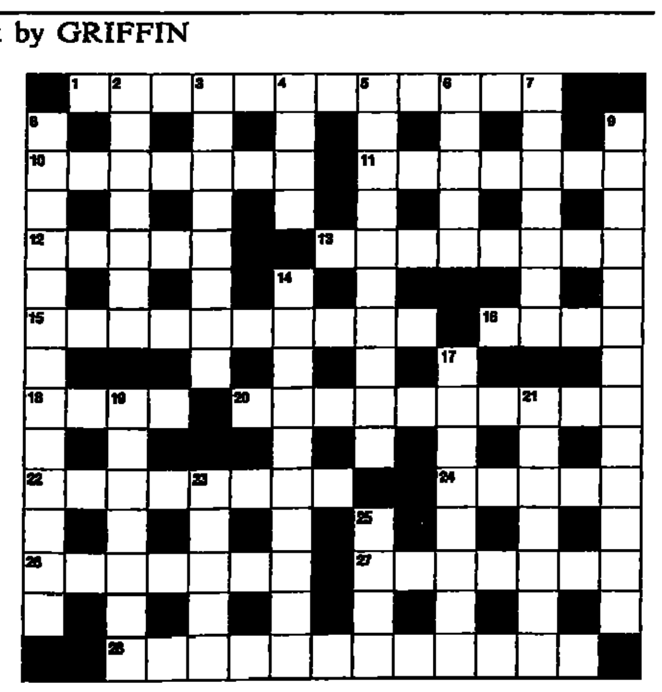
OTHER FIXED INTEREST

[illegible]

Continued on next page

CROSSWORD

No.8,286 Set by GRIFFIN



ACROSS

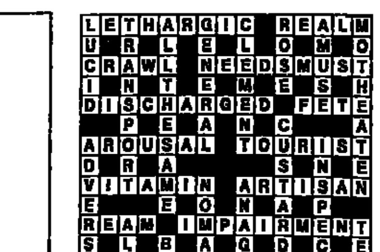
1 Is it intended for someone who doesn't want to sit still? (7,5)
10 Jack managed to return key to Relate (7)
11 Frightening horse, taxi's driven in (7)
12 Approach model with heavenly body (5)
13 Way males size up skirts or something worn (8)
15 Declined and went ahead, suffering internally (10)
16 Refuse reference from employer (4)
18 Old copper remains cast down (4)
20 Dazed and inebriated after some wallop? (5-5)
22 Was out arranging easy terms to be taken by boxer (8)
24 Top swimmer rings, cross and cold (5)
26 Turkish master to stop in Fife when travelling (7)
27 When one should retire? (7)
28 Difference caused by broken demagnetiser (12)

DOWN

2 One of eight people involved in a row? (7)
3 Harm to UK negotiations caused here (8)
4 Want key to go into study brought up (4)
5 Ability to fight once short of nothing (10)
6 Firm in a street somewhere in Berkshire (5)
7 Which eliminate mistakes by people polishing? (7)
8 May be on hand when there's a fight (13)
9 Kay said three tellers moved round hurriedly (6-7)
14 Very big cult Gina upset by kissing (10)
17 Aim to join topless mum outside extension (8)
19 Packed with material by journalist (7)
21 Soothing words for fellow short of work (7)
23 Passes mum standing embracing a joiner (5)
25 Capable sailor not in line (4)

JOTTER PAD

Solution 8,285



AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الاصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

STORES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
[illegible]						
Essex Intl £	6	—	7¼	3¾	5.04	–
Europa Minls	34	—	42	15	18.4	–
Glencar Expl I£	11	—	12	6	2.03	–
Greenwich Res	16¾	—	22¼	5	12.3	–
Hemlo Gold C$	98½	+⅛	98⅞	£3½	829.8	1.6
Iernia West £	39	—	57	31	19.6	–
Kalo Mining I£	12	—	14	6	6.29	–
Kenmare	9	+¼	13½	6	8.01	–
Malinga Res	8	+½	25½	7	0.88	–
Nevan Res I£	102	+1	102	25	17.4	–
5pc Ln Notes	98	—	98	25	17.3	–
Oryx Gold	78½	+3	78½	47	–	–
Ovoca Res I£	9½	+½	9½	3½	0.66	–
RTZ	678	+12	746	607	7,287	3.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed as profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- § Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after scrip issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on BMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
State Street Unit Trust Mngmt Ltd (1400)F						
28 King Street, London SW1 6QW						071-344 7000
Global A	5¼	[illegible]	3.866	4.100		
US Equities (u)	5¼	$2.244	2.244	2.383	—	1.30
Far East Equities (u)	5¼	Y251.7	250.3	269.0	—	1.12
Japan Equities (u)	5¼	Y258.0	255.0	276.8	—	—
FT Europe (u)	5¼	124.9	125.0	132.7	—	
FT North American (u)	5¼	51.773	1.773	1.880	—	1.06
FT Japan (u)	5¼	Y246.2	246.8	262.1	—	1.27
FT Asia Ex Japan (u)	5¼	$2.291	2.313	2.456	—	1.24
Stewart Ivory Unit Tst Mgrs Ltd (1200)F						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	360.3	360.3	384.3	-2.0	0.11
(Accum Units) ♥	5	424.8	424.8	453.1	-2.3	0.33
British	5	1815.4	1815.4	1874.5	+1.5	3.34
(Accum Units)	5	1813.5	1813.5	1914.7	+2.7	3.34
Emerging Markets	5	131.7	132.4	141.0	+0.8	0.20
(Accum Units)	5	132.0	132.7	141.3	+0.8	0.20
European	5	441.6	441.4xd	469.0	-2.2	1.23
(Accum Units)	5	489.7	489.7	520.1	-2.5	1.23
Japan	5	150.3	159.3	169.1	-3.4	—
(Accum Units)	5	160.6	160.6	170.5	-3.4	—
New Pacific	5	357.8	359.6	383.0	+1.6	0.85
(Accum Units)	5	375.0	376.9	401.4	+1.7	0.85
Investment Tst	5	212.7	215.0xd	227.9	-0.3	1.55
(Accum Units)	5	238.5	242.1	256.6	-0.4	1.55
Mngd Equity	5	165.1	164.6	176.5	+0.2	1.43
Mngd Equity Acc	5	180.9	182.6	193.4	+0.2	1.43
Mngd Cash	0	95.58	95.58xd	95.58	+0.08	5.09
(Accum Units)	0	128.6	129.6	129.6		5.09
Majority Stkg	1	99.79	99.79xd	100.79	+0.01	4.78
Majority Stkg Acc	1	119.55	119.58	120.75	+0.02	4.78
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300						Dealing 0277 690369
Equity	6	801.0	807.7	858.8	+9.0	2.81
North America	6	127.7	127.7	135.6	-0.4	0.15
Far East	6	147.2	147.2	157.4		0.33
W'wide Bond	6	63.01	63.01xd	67.85	-0.02	5.10
European	6	96.65	96.65xd	103.4	+0.1	0.37
Equity Income	6	52.69	93.34	99.83	+0.13	3.82
Portfolio	6	83.70	83.70	88.52	+0.05	0.54
UK Leading Cos	6	57.30	57.85	61.54	+0.17	2.80
Broker Trusts						
Intl Equity	6	64.32	64.76	69.25	-0.03	—
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingstoke, Basingstoke, Hants						0800 575725
American Growth	6	34.86	34.81	37.34	-0.07	0.61
Managed Assets	6	128.21	120.03	130.01	+0.61	2.54
UK Income	6	40.29	40.54	43.36	+0.22	2.75
UK Growth	6	38.74	39.07xd	41.79	+0.26	2.12
Worldwide Growth	6	33.70	33.90xd	36.18	+0.11	0.55

	Bid Price	Offer Price	+ or -	Yield Gross
INVESCO Asset Management Ltd				
Exempt Funds				
Asia & Australasia	£2.8330	4.0230xd	—	2.05
Japan	£2.2030	2.2250	—	0.21
Intl Mngd P'Folio(1000-1)	£1.6095	1.6230	—	0.75
Mngd Pens (Acc)	£0.9404	1.0220	—	3.87
North American	£2.5750	2.6018	—	2.40
Smaller Companies	£1.6529	1.6750xd	—	3.58
UK Core	£1.3150	1.3320	—	4.10
Jupiter Merlin Unit Trust Managers Ltd				
Jupiter Merlin Exempt Trust				
UK Equity	£14.60	14.87	—	-
Lazard Brothers & Co. Ltd				
Property Oct 7	£2125.0	2275.0	—	7.00
Inc Gilt Prp Jul 12	£2440.0	1600.0	—	8.90
Lazard Investors Ltd $				
Exempt Funds				
Small Co's Oct 20	£5422.7	5498.4	—	2.27
European Oct 20	£804.7	812.6	—	1.35
American Oct 20	£447.2	452.2	—	1.36
Japan Oct 20	£810.0	817.5	—	0.47
Pacific Oct 20	£242.0	246.3	—	0.71
Midland Gth Aug 31	£131.98	143.80	—	3.7
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				071-588 1815
Property Sep 30	180.30	190.55	—	8.31
Equity Sep 30	1075.50	1105.0	—	2.78
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond (z)		120.2	+0.7	8.97
(Accum Units)		844.30	+4.6	8.97
NAACIF (z)		50.15	+0.3	6.77
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Oct 12	182.4	187.5	—	2.33
UK Small Co † Oct 12	648.5	674.2	—	7.81
Fixed Interest † Oct 12	131.1	131.9	—	8.08
Intl Bond Oct 12	147.7	150.0	—	7.62
Morgan Stanley International				
UK Exempt NAV	£1482.95		—	-
Overseas Exempt NAV	£1417.80		—	-
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	65.66	68.22	-0.83	1.35
European Exempt	82.06	83.98	+0.42	2.32
Fixed Int Ex Oct 21	53.14	53.68xd	+0.50	7.65
Japan Exempt	58.06	61.04	-0.70	0.62

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc - Contd.				
Gen 4				
Fixed Int Dep Acc	[illegible]			
Equity Acc	[illegible]			
Property Acc	[illegible]			
Far East Acc	[illegible]			
European Acc	[illegible]			
Managed Acc	[illegible]			
Overseas Acc	[illegible]			
Gilt Acc	[illegible]			
Am Equity Acc	[illegible]			
Am Managed Acc	[illegible]			
Am Property Acc	[illegible]			
High Income Acc	[illegible]			
High Income Ser 2	[illegible]			
Pension Funds				
F.I.Dep Acc	777.			
Prop Acc	112			
Man. Acc	[illegible]			
Gilt Edg. Acc	630			
Eq. Acc	310			
Am. Eq Acc	335			
Far East Acc	459			
Euro. Acc	53.4			
American Life Insurance Co UK				
2-8 Altyre Road, Croydon CR9 2LA				
Life Funds (Accumulation Units)				
Premier Managed	203			
Alpha Managed	135			
HICA Managed	133			
Pension Funds (Accumulation Units)				
Premier Managed	282			
Alpha Managed	153			
Barclays Life Assur. Co Ltd				
252 Romford Road, London E7				
Life Funds				
Barclaybond	805			
Equity Accum	807			
Enterprise Accum	126			
Gilt-edged Accum	302			
International Accum	385			
Managed Accum	502			
Money Accum	280			
Property Accum	225			
American Accum	277.1			
Australia Accum	703			
Financial Accum	318			
"500" Accum	423			
Japan & Gen Accum	361			
Income Accum	903			

INSURANCES

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Gold Range (Pensions)				
Managed Fund		174.6	+0.6	-
Provident Mutual Life Assc. Assn.				
8 Hills Way Stevenage Herts SG1 2ST 0438 732000				
Managed Ord	453.7	477.6	+0.2	-
Managed Init	317.3	334.0	+0.1	-
Equity Ord	678.8	714.5	+1.4	-
Equity Init	474.8	499.8	+1.1	-
Index Linked Gilt Ord	209.0	220.0	+0.2	-
Index Linked Gilt Init	152.7	160.7	+0.2	-
Overseas Equity Ord	374.5	394.2	-1.5	-
Overseas Equity Init	261.9	275.7	-1	-
Property Ord	235.8	248.0	—	-
Property Init	164.7	173.4	-0.1	-
Fixed Interest Ord	284.1	299.1	+0.8	-
Fixed Interest Init	198.7	209.2	+0.6	-
Deposit Ord	199.1	209.6	—	-
Deposit Init	139.3	146.6	—	-
Pension Funds				
Managed Ord	610.9	643.1	+0.4	-
Managed Init	427.3	449.8	+0.2	-
Equity Ord	945.9	995.7	+2.6	-
Equity Init	661.5	696.3	+1.9	-
Pen Ind Lkd Gilt Ord	238.6	251.2	+0.4	-
Pen Ind Lkd Gilt Init	174.3	183.5	+0.2	-
Overseas Equity Ord	447.5	471.1	-2.2	-
Overseas Equity Init	313.0	329.5	-1.6	-
Property Ord	304.4	320.4	—	-
Property Init	212.9	224.1	—	-
Fixed Interest Ord	371.2	390.7	+0.8	-
Fixed Interest Init	259.6	273.3	+0.6	-
Deposit Ord	292.9	308.3	—	-
Deposit Init	204.8	215.7	—	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help [illegible]

John Govett (Channel Islands) Ltd (1000)F

6 Minden Place, Helier, Jersey 0534 38574

Global Stock Inv Ltd (Fmly Govett Flexifund)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Global High Income	5½	$11.01	11.01	11.46	+0.01	10.5
Dollar Cash	5½	$8.85	8.85	8.87	+0.01	3.00
Japanese Smllr Cos	5	Y972	972	994	-10	0.00
Far East Equity	5½	$18.81	18.81	19.37	+0.07	0.75
US Smaller Cos	5½	$18.73	18.73	19.22	-0.21	0.75
European Equity	5½	[illegible]	13.39	13.52	+0.09	2.00
UK High Income	5	£5.55	5.55	5.58	+0.02	8.4

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63, Bond Street, St Helier, Jersey 0534 604614

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stlg Fixed Int	3½	£1.408	1.408	1.488	+0.007	8.97
Offshore High Yield	3½	£1.578	1.580	1.637	+0.005	9.24
Global Equity Fund	5½	$17.45	17.45	18.58		
European Equity	5½	[illegible]	22.33	23.88	—	0.00
UK Growth (CI Fund)	5½	£5.583	5.583	5.871	+0.15	1.65
Nth American Eqty	5½	$11.67	11.67	12.47	-0.014	1.57
Far Eastern Eqty	5½	£15.73	15.73	16.82	-0.03	0.00
International Mngd	5½	£14.37	14.33	15.33	-0.05	0.00
Intnl. Bond Fund						
Sterling Managed	3½	£12.31	12.31	12.84	+0.02	7.15
US Dollar Managed	3½	$14.24	14.24	14.86	+0.02	5.34
International Currency Fund						
Sterling Managed	3½	£33.18	33.18	34.38	+0.01	—
US Dollar Managed	3½	$31.39	31.39	32.53	+0.03	—
Sterling	0	£20.97	20.97	20.97	—	4.50
US Dollar	0	$40.32	40.32	40.32	—	1.81
Deutschmark	0	DM71.28	71.28	71.28	+0.01	5.07
Japanese Yen	0	Y5150	5150	5150	—	1.08
Swiss Franc	0	SFr60.11	60.11	60.11	—	3.39
Irish Punts	0	£25.92	25.92	25.92	—	5.08

Lloyds Bank (CI) U/T Mgrs.

PO Box 195, St Helier, Jersey 0534 284242

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lloyds Tst. Gilt	3½	£10.830	10.850	11.240	+0.005	6.85

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd

[illegible]

Bank Von Ernst & Cie AG - Contd.

Bond Sub-Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sterling Fixed Int		£-	13.04	—	+0.06	—
Sterling Fixed Int Div		£-	11.62	—	+0.05	—
European Fixed Int		DM-	11.35	—	+0.01	—
European Fixed Int Div		DM-	9.74	—	+0.01	—
International Sub-Funds						
Global Equity		$-	11.29	—	+0.02	—
Global Bond		$-	12.12	—	+0.02	—
Global Bond Div		$-	10.02	—	+0.02	—
Global Managed		$-	10.28	—	+0.01	—

Banque Scandinave a Luxembourg SA

16 Boulevard Royal, L-2449, Luxembourg

Scandifunds

Scandifund Equity Fund

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Int. Acc	5	$-	17.11	17.29	-0.02	3.17
Equity Global	5	$-	1.53	1.56	-0.01	—
Equity Natural Res	5	$-	1.23	1.25	+0.01	—
Equity Japan Acc	5	Y-	111.55	112.00	-1.38	—
Equity UK	5	£-	1.52	1.55	+0.06	—
Equity Nordic	5	$-	1.42	1.44	—	—
Equity North America	5	$-	2.04	2.07	+0.01	—
Equity Mediterranean	5	$-	0.98	1	+0.01	—
Equity Contl Europe	5	$-	1.65	1.68	—	—
Scandifund Far East						
Far East Global	5	$-	4.16	4.21	+0.07	—
Scandifund Bond Fund						
Bond Int. Acc	1	$-	12.92	13.05	+0.01	6.64
Europe Bond Acc	1	$-	1.82	1.85	—	7.15
Bond DEM Acc	1	DM-	1.29	1.31	—	6.64
Bond USD Acc	1	$-	1.48	1.51	—	5.79
Bond Sweden Acc	1	SKr-	17.31	17.49	+0.03	8.18
Scandifund International Glew						
Intl Emerging Markets	5	$-	1.3	1.33	—	—

Barclays Diversified Portfolio

14 rue Aldringen L-1118 352 4799 2920

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

DM lower on German rate cut

FINANCIAL markets shifted gear yesterday as foreign exchange dealers were taken aback by a surprise rate cut by the German Bundesbank, *writes Peter John.*

The decision to reduce the lower level discount rate to 5.75 per cent from 6.25 per cent, the upper level Lombard rate to 6.75 per cent from 7.25 per cent and the 14-day securities repurchase rate to 6.4 per cent from 6.67 per cent, led to a sharp fall of the D-Mark against leading currencies.

It also prompted a rash of rate cuts throughout continental Europe with expectations of more to come. Belgium, Switzerland, Austria, Italy and the Netherlands all followed Germany's lead.

The Bundesbank announced a press conference yesterday but few economists anticipated any shift in key rates after Wednesday's variable repo was only reduced by three basis points to 6.67 per cent.

When the rate news broke there was a wave of heavy short-term speculative selling of the D-Mark to buy dollars which sent the US currency up by a pfennig.

That strength was followed through and dealers said the previous ceiling for the currency of around DM165.50 had now become the new floor. The dollar closed up nearly two pfennigs at DM1.6635.

The D-Mark's loss was the pound's gain in spite of growing conviction that the UK chancellor will cut base rates soon, possibly by as much as one percentage point, and therefore reduce the returns for holders of sterling. The pound closed 2.25 pfennigs higher at DM2.4725. The fact that sterling's rise reflected the German currency's weakness was underlined by its close against the dollar down at $1.4870 from $1.49.

By contrast, the Belgian franc, which has been the focus of speculative attacks over the past fortnight, failed to recover spectacularly. An early rally was undermined by news that unions had pulled out of negotiations on the social pact to hold down wages and reduce jobs.

It was not until the National Bank of Belgium reduced its central rate to 9.4 per cent from 9.65 per cent and its discount rate by half a point to 6 per cent that the currency showed some signs of life. It rallied by the close of trading to BFr21.67 to the D-Mark, up from BFr21.82 previously.

The French franc gained two centimes against the D-Mark to FFr3.5120. Mr Brian Hilliard, of SGST the French owned securities house, said: "The fact that the franc appreciated news will give the Bank of France heart that if it cuts rates the franc will hold steady."

The Dutch central bank cut official key rates by a quarter percentage point and lowered its short-term special advances money market rate to 6.1 per cent from 6.4 per cent.

The Danish krone, recovered on anticipation that the central bank would cut its central rate from the current 8.5 per cent. The krone rose to DKr4.0255 to the D-Mark from DKr4.0592.

£ IN NEW YORK

Oct 21	Latest	Previous Close
£ Spot	1.4865-1.4875	1.4935 1.4945
1 month	0.36-0.35pm	0.35 0.34pm
3 months	0.84-0.82pm	0.91 0.89pm
12 months	2.57-2.52pm	2.75 2.68pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 21	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14317	-2.44	6.44	-
D-Mark	1.94964	1.90615	-2.23	6.21	-
Spanish Peseta	154.250	153.034	-0.79	4.67	6
Irish Punt	0.808628	0.813893	0.65	3.17	-4
Portuguese Escudo	192.854	197.417	2.37	1.44	-16
French Franc	6.53883	6.71736	2.73	1.08	-23
Belgian Franc	40.2123	41.4028	2.96	0.86	-22
Danish Krone	7.43679	7.72280	3.84	0.00	-26

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4845 - 1.4990	1.4865 - 1.4875	0.37-0.35cpm	2.91	0.87-0.84pm	2.30
Canada	1.9560 - 1.9735	1.9570 - 1.9580	0.27-0.20cpm	1.44	0.57-0.44pm	1.03
Netherlands	2.7530 - 2.7850	2.7750 - 2.7850	⅛-¼cdis	-0.81	⅜-⅝dis	-0.72
Belgium	53.30 - 53.85	53.55 - 53.65	11.00-17.00cdis	-3.13	30.00-44.00dis	-2.76
Denmark	9.9200 - 10.0050	9.9475 - 9.9575	2-3¼oredis	-3.17	7¼-8⅞dis	-3.22
Ireland	1.0450 - 1.0540	1.0515 - 1.0525	0.03-0.06cdis	-0.51	0.16-0.21dis	-0.70
Germany	2.4475 - 2.4750	2.4700 - 2.4750	⅛-¼pfdis	-0.91	½-⅝dis	-0.81
Portugal	253.40 - 255.95	254.35 - 255.95	80-164cdis	-5.73	288-310dis	-4.68
Spain	196.35 - 198.20	197.75 - 199.05	63-75cdis	-4.18	185-202dis	-3.91
Italy	2374.90 - 2397.30	2384.75 - 2385.75	5¼-6½lirdis	-2.98	16¾-18¾dis	-2.85
Norway	10.7260 - 10.7950	10.7750 - 10.7850	⅜-⅞oredis	-0.70	⅜-2¼dis	-0.48
France	8.6510 - 8.7055	8.6800 - 8.6900	¾-1⅛cdis	-1.30	2½-3dis	-1.27
Sweden	11.7950 - 11.9120	11.8750 - 11.8850	1⅛-2½oredis	-1.83	4½-5⅞dis	-1.75
Japan	160.20 - 161.80	160.50 - 161.50	½-⅜ypm	3.36	1⅜-1¼pm	3.28
Austria	17.20 - 17.39	17.36 - 17.39	⅞-1⅞grodis	-0.95	3⅜-5¼dis	-0.89
Switzerland	2.1655 - 2.1875	2.1775 - 2.1875	¼-⅛cpm	1.03	⅝-½pm	1.03
Ecu	1.2845 - 1.2985	1.2955 - 1.2965	0.15-0.19cdis	-1.57	0.51-0.57dis	-1.67

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.52-1.47pm . 12 Month 2.62-2.52pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4845 - 1.4990	1.4865 - 1.4875	0.37-0.35cpm	2.91	0.87-0.84pm	2.30
Ireland†	1.4085 - 1.4295	1.4110 - 1.4120	0.43-0.42cpm	3.61	1.20-1.15pm	3.33
Canada	1.3150 - 1.3210	1.3165 - 1.3175	0.15-0.17cdis	-1.46	0.39-0.45dis	-1.28
Netherlands	1.8400 - 1.8700	1.8690 - 1.8700	0.53-0.56cdis	-3.50	1.38-1.44dis	-3.02
Belgium	35.75 - 36.20	36.00 - 36.10	19.00-21.00cdis	-6.66	49.00-51.00dis	-5.55
Denmark	6.6440 - 6.7220	6.6900 - 6.6950	3.30-3.60oredis	-6.10	9.10-9.70dis	-5.62
Germany	1.6360 - 1.6640	1.6620 - 1.6640	0.52-0.53pfdis	-3.79	1.37-1.39dis	-3.32
Portugal	170.05 - 171.85	171.55 - 171.65	121-126cdis	-8.64	328-341dis	-7.77
Spain	131.45 - 133.15	133.05 - 133.15	77-82cdis	-7.17	203-213dis	-6.25
Italy	1594.25 - 1611.80	1603.75 - 1604.25	8.00-8.50liredis	-6.17	21.30-22.30dis	-5.44
Norway	7.1775 - 7.2540	7.2475 - 7.2525	1.75-2.05oredis	-3.14	4.75-5.25dis	-2.76
France	5.7885 - 5.8540	5.8375 - 5.8425	2.00-2.10cdis	-4.21	5.13-5.33dis	-3.58
Sweden	7.9025 - 8.0125	7.9875 - 7.9925	3.20-3.50oredis	-5.03	7.90-8.50dis	-4.11
Japan	107.60 - 108.30	108.20 - 108.30	0.06-0.05ypm	0.61	0.27-0.25pm	0.96
Austria	11.5110 - 11.6875	11.6825 - 11.6875	3.70-3.95grodis	-3.93	9.30-10.05dis	-3.31
Switzerland	1.4485 - 1.4685	1.4675 - 1.4685	0.18-0.21cdis	-1.59	0.44-0.50dis	-1.28
Ecu†	1.1450 - 1.1580	1.1465 - 1.1475	0.44-0.43cpm	4.55	1.19-1.17pm	4.12

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Oct 21	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	5¾ - 5½	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5½ - 5⅜	5½ - 5⅜
US Dollar	3 - 2⅞	3⅛ - 3	3⅛ - 3⅛	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜
Can. Dollar	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4¾ - 4½	4⅞ - 4¾	5 - 4⅞
Dutch Guilder	6⅛ - 6	6⅛ - 6	6⅛ - 6	6⅛ - 6	6 - 5⅞	5⅞ - 5¾
Swiss Franc	5 - 4¾	4⅞ - 4⅝	4⅝ - 4½	4⅝ - 4½	4⅜ - 4¼	4⅛ - 4
D-Mark	6⅜ - 6¼	6⅜ - 6¼	6⅝ - 6½	6⅜ - 6¼	6¼ - 6⅛	5⅞ - 5¾
French Franc	7 - 6⅞	6⅞ - 6¾	6⅞ - 6¾	6⅝ - 6½	6⅜ - 6¼	6 - 5⅞
Italian Lira	9¼ - 8¾	9 - 8½	8⅞ - 8⅝	8¾ - 8½	8¼ - 8⅛	8½ - 8⅛

MONEY MARKETS

Rate cut hopes soar

THE surprise decision by the German central bank to cut key interest rates by half a percentage point gave a fillip to European interest rate contracts yesterday, *writes Peter John.*

The main beneficiary of the Bundesbank announcement was the French three-month lending contract which, at one stage, jumped almost a third of a point from its previous close.

France desperately needs lower interest rates to regenerate its economy and the market was convinced yesterday that a reduction in the French intervention rate, which sets the floor for French lending, would come very shortly.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The futures contract for December closed 30 basis points higher on the day at 93.76.

Belgium would also benefit greatly from lower rates and the Belgian December futures contract rose 23 basis points to 92.30. Meanwhile, the German December contract gained 12 basis points to 93.86.

The short sterling contract for December closed at its high of the day, 11 basis points higher 94.73.

One dealer said: "The Bundesbank reduction makes a half-point cut in the UK as near certain as you can get in market terms. It also increases the possibility of a cut before the Budget. Finally, it increases the flexibility of Mr Clarke to make a full one-point cut."

Money market operations in the UK were tight yesterday with the Bank of England unable to attract any takers for the early round of assistance after forecasting a liquidity shortage of around £1bn, later revised to £1.05bn.

Among the main factors affecting the shortage were the take-up of Treasury Bills and paper maturing in official hands which drained £473m the system. Exchequer transactions removed £380m, and a rise in note circulation withdrew £185m.

The Bank only provided £14m of morning assistance, via band one bank bills at the established rate of 5⅞ per cent. It was not until the afternoon that those with collateral were prepared to sell bills and the Bank could buy £723m of band one bank bills at 5⅞ per cent.

This still left a short fall which was taken up with late assistance of £225m at the unspecified rate.

● The Bank of England announced that Banco Central Hispanoamericano had been added to the list of eligible institutions.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4870	1.4834	1.4784	1.4720	1.4613

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
122	-	2.88	-	-	0.05	-
123	1.67	1.75	-	-	0.11	-
124	0.69	0.95	-	0.08	0.32	-
125	0.09	0.41	-	0.41	0.77	0.24
126	-	0.13	3.23	-	-	0.41
Open int	31,050	195,396	66,530	29,226	173,077	53,903

Estimated volume 55,184 † Total Open interest 549,662
† All Yield & Open interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	8.5
Allied Trust Bank	6	Exeter Bank Limited	7	Rea Brothers	6
AIB Bank	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
●Henry Ansbacher	6	●Robert Fleming & Co	6	* (in administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
CL Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (in administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

● Members of British Merchant Banking & Securities Houses Association

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 21)	3 months US dollars		6 months US Dollars
bid 3¼	offer 3⅜	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	3.03	Three year	4.12
Broker loan rate	5	Two month	3.03	Five year	4.68
Fed.funds	2⅞	Three month	3.12	Seven year	4.87
Fed.funds at intervention	-	Six month	3.23	10-year	5.30
		One year	3.40	30-year	5.88
		Two year	3.87		

Oct 21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	-	6.45-6.60	6.40-6.55	6.35-6.50	6.05-6.20	6.75
Paris	6⅞-7⅛	6.90-7.05	-	6.82-6.97	-	6.75
Zurich	4¾-5	4½-4⅝	-	4⅞-4⅝	-	-
Amsterdam	6.38-6.43	6.42-6.47	-	6.33-6.38	-	-
Tokyo	2⅞-2½	-	-	-	-	-
Milan	8⅞-9⅜	8⅞-8⅞	-	8⅞-8⅞	-	-
Brussels	-	9⅛-9¼	-	8⅝-8⅞	-	-
Dublin	6⅞-6⅞	6⅞-7⅛	6⅞-7	6⅞-7	6⅝-6¾	-

LONDON MONEY RATES

Oct 21	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	5⅞	5⅞	5¾	5⅝	5½
Interbank Bid	5¾	5⅝	5¾	5⅝	5½	5⅜
Sterling CDs	-	-	5⅞	5⅝	5⅝	5⅜
Local Authority Deps.	5½	5⅝	5⅞	5⅞	5½	5½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6½	5⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	5⅝	5⅜	5⅝
Treasury Bills (Buy)	-	-	5⅝	5½	5⅜	-
Bank Bills (Buy)	-	-	5⅞	5½	5⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.98	3.05	3.11	3.27
SDR Linked Dep. Offer	-	-	4¼	4¼	4¼	4⅜
SDR Linked Dep. Bid	-	-	4⅛	4⅛	4⅛	4
ECU Linked Dep. Offer	-	-	7⅜	7½	7¼	6⅞
ECU Linked Dep. Bid	-	-	7⅛	7⅜	7⅛	6¾

Treasury Bills (sell); one-month 5⅞ per cent; three months 5⅜ per cent; six months 5¼ per cent; Bank Bills (sell); one-month 5⅞ per cent; three months 5⅞ per cent; Treasury Bills; Average tender rate of discount 5.3271 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30 ,1993 . Agreed rates for period Oct 26, 1993 to Nov 23, , 1993 Schemes II & III: 7.22 p.c. Reference rate for period Sept 1, 1993 to Sept 30 , 1993, Scheme IV&V: 6.854 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from October 1 , 1993:Bank Deposit Rate for sums at 7 days notice 5⅞ p.c.;Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993, Deposits withdrawn for cash 1¼p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate normalised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr. Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

AUSTRIA

October 21	Sch	+ or –
Austrian Airlines	1,780	—
Bank Austria	1,010	+10
Creditanstalt Pf	812	–3
EA General	3,990	–10
EVN	1,302	–6
Lenzing	959	+17
OeMV	831	–7
Perlmooser Zement	900	—
Radex Heraklith	431	+6
Steyr Daimler	174	–2
Veitscher Magnesit	340	+8
Verbund (Br) A	717	+6
Vienna Int Airport	513	–8
Wienerberger	3,880	–25

BELGIUM/LUXEMBOURG

October 21	Frs.	+ or –
AG Group	2,585	+5
Ackermans	3,470	—
Almanij	7,850	+30
Arbed	3,750	+30
BBL	4,225	–35
Bank Intl a Lux	16,075	–25
Banq Gen Lux Pts	23,900	—
Banque Nat Belg	34,775	–1,200

FRANCE

October 21	Frs.	+ or –
AGF	697	+5
Accor	801	+4
Air Liquide	782	+16
Alcatel Alsthom	785	+17
Axa	1,637	+21
BIC	1,193	–4
BSN	898	+11
BNP	283.10	–4.20
Bancaire Cie	538	+19
Bongrain	3,000	+1
Bouygues	685	–4
CSIP	1,310	+21
Canal+	1,284	+43
Cap Gemini S	190	–4.90
CarnaudMetalbox	203.50	+1.50
Carrefour	3,542	+30
Casino	178	+6.50
Chargeurs	1,174	+29
Club Mediterranee	361	+3
Coparex Int	570	–119
C C F	272.50	+6.50
Cr Fonc France	1,200	+8
Cred Lyon (CI)	707	+12
Credit Local Fr	440	+.50
Credit Nationale	683	+2
Damart	5,190	+60
Docks de France	860	+18
Dollfus Mieg Cie	309.50	+11.30
EBF	681	–1
Eaux Cie Gens	2,782	+74

GERMANY (a)(continued)

October 21	Dm.	+ or –
DLW	445	+2
Daimler-Benz	745	+2
Degussa	421.50	+4.50
Deutsche Babcock	217.30	+1.80
Deutsche Bank	833	–4.50
Didier-Werke	135	+2.50
Douglas Hldg	613	+2
Dragerwerk	252	+4
Dresdner Bk	439	–3.50
GEHE	436	–14
Gerresheimer	210.80	–1.20
Goldschmidt (TH)	500	+3
Hamburg Elekt	190	–5
Heidelb Zem	1,145	+2
Henkel Prf	619.70	+4.70
Hentz	352	–2.50
Hochtief	1,082	–8
Hoechst	277.40	–6.10
Holzmann Ph	911	+1
Horten	228.50	+8.50
IKB Deutsche Ind	316	+7.50
Industrie Werke	289.50	–2.60
Kali & Salz	133	—
Karstadt	603	+2
Kaufhof	578	+.50
KHD	122.70	–.30
Klockner Werke	85	–.50
Lahmeyer	785	–5
Leifheit	790	+15

CANADA

TORONTO

Sales	Stock	High	Low	Close	Chng
107400	Cara Op	485	475	485	+20
4500	Celanese	u$57	56¾	56¾	–¼
297	CntCpital	20	20	20	
41650	Cineplx Odn	430	420	425	+5
9500	Cntrl Fd A	$6⅞	6½	6¾	–⅛
34479	Cominco	$16¾	16¼	16¼	–⅜
21150	Coputalog	297	290	292	–3
91450	Corel Sys	$43¼	40⅜	42½	–1
8250	CoscanDev	u240	230	230	–10
1230	Jannock	$16⅞	16⅞	16⅞	
233	KerrAddis	$21½	21½	21½	
82979	Labatt	$23⅜	23⅛	23⅛	–¼
1149550	Lac Mnls	$10	9½	9⅝	–¼
3	Lafarge	$26¼	25¾	25¾	–1¾
17150	Laidlaw A	$8⅛	8	8½	+¼
575811	Laidlaw B	$8⅛	7⅞	8	+⅛
200	Laurent Bk	$16¾	16¾	16¾	–⅛

INDICES

NEW YORK

DOW JONES	Oct 20	Oct 19	Oct 18	Oct 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3645.10	3635.32	3642.31	3629.73	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.57	109.50	109.77	109.71	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1668.31	1664.89	1655.91	1640.95	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	243.28	243.28	243.67	246.05	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3667.74 (3669.97) Low 3611.85 (3601.79) (Theoretical♣)
Day's High 3645.10 (3652.98) Low 3629.45 (3624.15) (Actual♣)

STANDARD AND POOR'S

	Oct 20	Oct 19	Oct 18	Oct 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	466.07	466.21	468.45	469.50	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	531.41	531.41	534.46	533.47	534.61 (18/10)	496.48 (26/4)	534.61 (18/10/93)	3.62 (21/6/32)
Financial	45.87	45.94	46.35	47.48	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	258.28	258.56	260.00	260.48	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.48 (25/4/42)
Amex Mkt. Value	476.59	478.16	481.10	483.23	483.23 (15/10)	395.84 (8/1)	483.23 (15/10/93)	29.31 (9/12/72)
NASDAQ Composite	768.25	768.71	782.91	787.42	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

	Oct 15	Oct 8	Oct 1	year ago (approx.)
Dow Industrial Div. Yield	2.81	2.84	2.85	3.27

	Oct 13	Oct 6	Sep 29	year ago (approx.)
S & P Industrial div. yield	2.47	2.48	2.49	2.76
S & P Indl. P/E ratio	28.00	27.86	27.76	26.77

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
WMX Tech	10,103,300	24⅜	– 4⅛
Circus Ent	3,913,700	39½	– 4⅞
Telefonos	3,821,400	54½	+ ⅜
RJR Nabisco	3,697,800	4⅞	– ¼
Wal-Mart Sts	3,340,000	27⅜	+ ½
Citicorp	3,283,800	37⅝	+ 1⅜
Philip Morris	2,956,600	51¾	– 1
Upjohn	2,675,100	35	+ 3
Merck	2,654,100	32½	+ ¼
Amer Barrick	2,653,400	27	+ 1¼

TRADING ACTIVITY

† Volume (Millions)	Oct 20	Oct 19	Oct 18
New York SE	306.989	291.369	321.922
Amex	21.771	22.241	24.059
NASDAQ	(u)	378.723	343.721
NYSE			
Issues Traded	2,639	2,654	2,689
Rises	911	780	1,031
Falls	1,094	1,228	1,086
Unchanged	634	646	572
New Highs	95	109	158
New Lows	25	28	11

WORLD						
M.S. Capital Intl.(1/1/70) $	603.7*	604.2	603.5	606.0	607.10 (15/10)	488.80 (13/1)
Euro Top-100 (26/6/90)	1157.88	1156.74	1152.32	1155.61	1167.86 (21/10)	862.73 (13/1)

**Saturday October 16. Taiwan Weighted Price: 4691.16, Korea Comp Ex: 734.87.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday, October 21, 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	5.6m	335	+3
Fujitsu	2.7m	855	-6
Mitsubishi Hvy	2.4m	684	+5
Matsushita E Ind	2.3m	1,480	-50
Kawasaki Steel	2.2m	333	+5
Hitachi	2.1m	850	+1
NKK Corp	2.0m	278	+4
Tokyo Motor Co	1.7m	1,820	+20
Mitsui Eng & Sh	1.7m	370	-11
Nomura Secs	1.6m	1,960	-30

4 pm close October 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	11½	AAR Corp	0.48	3.6	875	145	13½	13⅛	13½	+⅜
29⅜	13¾	A L Labs A	0.18	1.2	30	2188	15½	15	15	-¼
67¾	54⅝	AMP Inc	1.60	2.6	21	1914	62¼	61⅜	61¾	+¼
72¾	55½	AMR			17	6127	67¾	67¼	67⅜	-⅝
3⅞	1¾	ARX			13	282	3¾	3½	3⅝	
51½	29⅞	ASA	2.00	4.3	30	1158	47¼	46⅛	46½	-⅝
30¾	22⅝	Abbott Lab	0.68	2.3	17	9909	29	28	29	+1
12⅝	8¼	Abitibi Pr	0.50	5.9	3	30	8½	8½	8½	
15⅝	6¼	Acptncain			46	45	14⅞	14⅜	14¾	
36	25½	ACE Ltd	0.92	2.7		114	34⅛	33⅞	34⅛	-⅛
12	10¾	ACM Gvt In	0.96	8.4		258	11½	11⅜	11⅜	-⅛
10	9⅛	ACM GvOpp	0.80	8.0		42	u10	9⅞	10	
10	8¾	ACM Gvt Sp	0.80	8.1		299	9⅞	9¾	9⅞	
11⅝	10½	ACM Gvt Se	0.96	8.3		272	u11⅝	11½	11⅝	
11¾	9⅝	ACM Man	1.08	9.4		304	u11¾	11½	11½	-⅛
9⅞	8⅝	ACM Managd	0.72	7.9		67	9¼	9⅛	9⅛	
12⅞	7¾	Acme Cleve	0.44	4.4	13	27	10⅛	10	10	-⅛
10	6⅞	Acme Elect			67	434	9⅞	9¼	9½	+⅛
27⅝	18⅞	Acordia	0.44	1.8	14	1102	24½	24⅜	24⅜	
16	10⅞	Acuson			35	224	12⅞	12¾	12⅞	+⅛
21¾	18¼	Adams Expr	0.48	2.5	0	161	19¼	19⅛	19¼	
66¾	45½	Ad Micro	3.00	6.1		722	49⅛	47¼	49⅛	+⅞
32¾	17⅝	Ad Micro P	3.00	15.1	7	16548	19⅞	18	19⅞	+1
7⅞	5½	Advest Grp	0.16	2.1	13	183	7¾	7⅝	7⅝	
24¾	14¼	Advo Inc	0.08	0.5	16	480	14⅝	14½	14⅝	+½
51⅝	41⅛	Aegon ADR	1.23	2.4	10	65	51½	50¾	50¾	-¾
64⅞	43⅜	Aetna Lf	2.76	4.4	44	1468	63½	63	63⅛	-¼
34	26½	Aflac	0.40	1.2	16	2277	32⅝	31¾	32⅝	+⅝
22⅛	16¾	Ahmanson	0.88	5.0	7	4159	18	17¾	17¾	-⅛
7¾	3⅝	Aileen Inc			5	35	3⅞	d3⅝	3¾	
48½	24⅞	Air Pr Chm	0.92	2.3	15	1626	40½	39⅞	39⅞	-⅜
[illegible]										
25	22	Bd Tr 1838	1.72	7.4		27	23½	23⅛	23⅜	-⅛
28	15	Bear Strns	0.60	2.7	6	3194	22½	22¼	22⅜	
50¼	45½	BearStPIA	2.75	5.6		2	49¾	49¾	49¾	
27	20½	Bearings	0.64	2.4	21	15	26¼	26¼	26¼	
27⅞	19¾	Beckman In	0.36	1.3	16	403	27½	27⅛	27⅛	-⅛
40¾	32⅝	Becton Dks	0.66	1.7	13	641	38¼	37⅞	37⅞	-⅜

Continued on next page

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NYSE COMPOSITE PRICES

4 pm close October 21

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close October 21

AMEX COMPOSITE PRICES

4 pm close October 21

FINANCIAL TIMES

Friday October 22 1993

AMERICA

Dow in retreat after opening on an upbeat

Wall Street

AMID a flurry of corporate earnings reports and a weakening bond market, US stock prices retreated yesterday after flirting briefly with record high levels, *writes Frank McGurty in New York*.

By midday, the Dow Jones industrial average was down 6.70 at 3,648.40. The more broadly based Standard & Poor's 500 was off 0.86 at 465.21, while the Amex composite was up 0.41 at 477.0. The Nasdaq composite continued to lose ground, falling 2.34 to 765.91.

Trading volume on the NYSE was 149m shares by 1 pm, with declining issues outnumbering advances by 1,040 to 813.

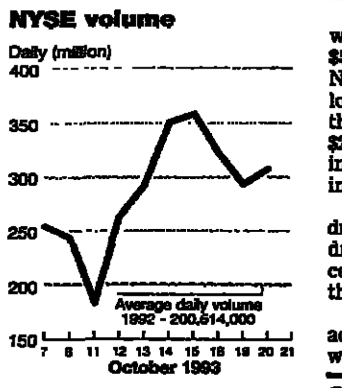
The session opened on an upbeat note following the decision by the German central bank to cut interest rates by half of a percentage point: the move appeared to improve prospects for US export opportunities to Europe.

The only significant economic indicator of the day – the labor department's weekly report on unemployment benefit claims – was largely shrugged off by traders. The data showed that claims for the week ended October 16 had risen by 6,000 from a revised figure of 344,000 for the previous week. However, analysts said that the increase reflected technical factors, rather than any deterioration in the labour market.

Most investor attention was focused on a rash of quarterly reports, which yielded results that were mixed to slightly better than expected.

However, equities began to fall into negative territory as the morning progressed. The negative mood set in after the

NYSE volume



bond market began to show considerable weakness in what started out as a largely featureless trading day.

Banking issues were given a boost by a strong earnings report from Bankers Trust, up $⅝ to $79¾ after its announcement of an 86 per cent increase in net income.

The positive sentiment also gave a lift to Chemical, $½ higher at $41⅞. Citibank picked up $⅛ at $37⅞, while Chase Manhattan was unchanged at $34¼. Bancamerica recovered some of the ground lost in Wednesday's session, adding $¼ to $42¾.

Dow Chemical, one of the most actively traded issues, tumbled $2⅝ to $56¼, even although its third-quarter earnings of 50 cents a share were in line with analysts' expectations.

Telecommunications issues were mixed. AT&T shed $1 to $59 after reporting that its NCR operation had fallen into loss in the third quarter. On the Nasdaq, MCI gained $¼ to $28⅝ on news of a 12 per cent increase in revenues and net income in line with forecasts.

Microsoft contributed to the drag on the Nasdaq. The stock dropped $2⅝ to $78¾ amid concern over weakening growth at the software concern.

In the energy sector, Mobil added $⅝ to $81, while Amoco was down $⅜ at $56⅝.

Canada

TORONTO stocks were led lower at midday by weakness in precious metals, the gold and silver index showing a fall of 134.32, or 1.35 per cent at 9,832.38.

The TSE-300 index was down 14.26 at 4,167.98 in volume of 31.4m shares valued at C$366.5m. Declining issues led advances by 296 to 258, with 331 unchanged.

EUROPE

Frankfurt and Paris differ on Buba cuts

THE Bundesbank's surprise cut in discount and Lombard rates hit bourses at different times, and to different degrees yesterday afternoon, *writes Our Markets Staff.*

French equities, the UK investors' choice in recent years, moved fast, and further than other senior bourses. Germany, intriguingly, seemed to be declining at one point in the afternoon, but ended with a late surge on American money.

FRANKFURT saw the rate cuts before the official close but failed to react, the DAX index falling 6.88 to 2,035.68 on the session as German stock market turnover eased from DM9.8bn to DM9.5bn.

In the post-bourse, however, the Ibis indicated DAX closed at 2,048.05. Mr Patrick Bettscheider, head of equity sales at Bank Julius Bär in Frankfurt, said that German fund managers had been sceptical about the effects of the rate cuts – Deutsche Bank, down DM4.50 to DM833 at the official close, fell another DM3 to DM830 at one point – but that US fund managers came in late in the day.

The buying had been phenomenal, he said: "I've seen bigger US orders for individual stocks recently than I've seen in the past for the whole market". Post bourse recoveries took Deutsche Bank back up to around DM837, Siemens by DM4 to DM720.50 and Thyssen by DM6 to DM224.

Hoechst fell DM6.10 to DM277.40 after announcing a slide of one-third in operating profits from its pharmaceuticals business.

PARIS welcomed the news from Frankfurt with a gain in the CAC-40 index of 50.04 or 2.3 per cent to 2,199.72. Turnover was strong at an estimated FFr6bn.

The Buba announcement at midsession was the news that French investors had been waiting for since it makes a cut in domestic interest rates imminent. Among financials, SocGen added FFr19 to FFr706, Suez FFr6.80 to FFr363.40 and UAP FFr29 to FFr660. BNP continued to attract buyers on news that it will be included in the CAC-40 index from next month, gaining FFr4.20 to FFr283.10.

BSN rose FFr11 to FFr896 in spite of announcing a 3 per cent decline in turnover to the end of September after the close of trading on Wednesday.

LVMH gained FFr55 to FFr3,778 as it announced that it was forming a joint venture with Guinness, its UK partner, to sell spirits in China.

L'Oreal was up FFr24 at FFr1,209 and reported a rise in first half profit after the close.

ZURICH was propelled higher by the Buba news in active trading. The Swiss National Bank quickly followed, cutting its discount rate by 0.25 of a percentage point to 4.25 per cent.

In addition, the rise in the dollar triggered in part by the German rate cut also helped lift shares of companies with large exposures to the US currency. The SMI index finished 21.7 higher at 2,690.1, with Swissair SFr26 higher at SFr726, SBC up SFr14 at ASFr489, and Brown Boveri SFr14 higher at FFr990.

AMSTERDAM built on early gains, and accelerated towards the close as the central bank announced that it would cut three key rates from today. The CBS Tendency index put on 1.8 or 1.3 per cent to 135.7.

Nedlloyd was one of the day's biggest gainers, up Fl 4.60 at Fl 53.60, as a large block of shares unexpectedly came to the market and were quickly seized by foreign buyers.

KLM put on 90 cents to Fl 43.40. The airline said that it was to integrate its cargo activities in the Netherlands with its US partner, Northwest Airlines.

Ahold, the retailer, slightly lagged behind with a rise of 20 cents to Fl 93.60. Some brokers have recently turned sellers of the stock ahead of its third quarter results in December, partly because of a possible downtrend in sales in the US.

MADRID was busy, turnover climbing another Pta4.6bn to Pta29.6bn as the general index rose 1.87 to 305.18. Traders said that the market did little until lunchtime and that, when it did, interest was still directed at the high yield electrical utilities, Endesa among them.

Bank results left Santander and BBV more or less flat on figures below expectations but Argentaria, with a good progress report, Pta110 higher at Pta5,950. Endesa rose Pta130 to Pta6,130.

MILAN was little moved by events elsewhere on the continent as investors remained depressed by the weight of rights issues coming on to the market in the current trading period.

The Comit index rose 1.48 to 589.73.

Olivetti rose L9 to L1,882, helped by interest in Cir, the industrial holding company, which gained L33 to L1,608.

In telecommunications Sip and Stet went in opposite directions, the former adding L5 to L3,642 and the latter losing L4 to L4,134.

Among the financials, Generali rose L26 to L39,676.

STOCKHOLM was another beneficiary from the German rate cut with the Affärsvärlden general index gaining 25.80 or 1.8 per cent to 1,411.30 in turnover of SKr2.2bn. Ericsson B shares rose SKr8 to SKr448.

COPENHAGEN was also stronger with Carlsberg seeing a gain of 2.6 per cent to DKr276 in good turnover of DKr70m. The KFX index closed up 1.10 at 103.05.

Elsewhere, Novo Nordisk, the pharmaceutical group, added DKr5 to DKr635.

ISTANBUL fell back 1 per cent as many investors remained uncertain as to the future direction of the market. The composite index lost 154.6 to 14,826.8.

FT-SE Actuaries Share Indices

October 21								THE EUROPEAN SERIES
Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE Eurotrack 100	1348.03	1348.86	1350.78	1350.47	1358.75	1360.34	1362.48	1365.45
FT-SE Eurotrack 200	1422.48	1422.73	1422.15	1423.88	1430.98	1434.31	1432.28	1438.57

	Oct 20	Oct 19	Oct 18	Oct 15	Oct 14
FT-SE Eurotrack 100	1348.34	1346.27	1347.38	1330.52	1315.57
FT-SE Eurotrack 200	1422.07	1414.64	1418.14	1407.10	1391.70

Base value 1000 (26/10/90) Highday: 100 - 1365.71; 200 - 1438.47 Lowday: 100 - 1347.34 200 - 1419.68

Written and edited by William Cochrane and John Pitt.

ASIA PACIFIC

Nikkei flat as region scores four new highs

Tokyo

MOST investors retreated to the sidelines to wait for next week's listing of East Japan Railway, and the Nikkei average closed marginally higher after prices had moved within a narrow trading range, *writes Emiko Terazono in Tokyo.*

The Nikkei was finally up 6.00 at 20,179.42 after a day's low of 20,108.81 and high of 20,219.72. Public fund managers and arbitrageurs were late-morning buyers, but index-linked selling later eroded most of the gains. Volume totalled 228m shares, against 223m, as falls overwhelmed rises by 722 to 289, with 167 issues unchanged. The Topix index of all first section stocks shed 2.30 to 1,645.56. In London the ISE/Nikkei 50 index edged up 0.80 to 1,288.86.

Market participants anticipate that the JR East listing next Tuesday will help to activate the market, and also expect that a successful listing will prompt the lifting of an informal ban on new public share offerings, which has been in place since March 1990.

Telecommunications-related stocks lost ground on profit-taking. NTT receded Y13,000 to Y871,000 and DDI, on the second section, relinquished Y158,000 to Y6.51m.

Game makers were lower on reports of shrinking profits: Sega Enterprises fell Y500 to Y9,250, Konami Y150 to Y3,740 and Namco Y100 to Y2,800.

Higher prices in pharmaceutical issues in New York encouraged investors: Takeda Chemical rose Y10 to Y1,330 and Yamanouchi Y30 to Y2,370.

In Osaka, the OSE average dipped 70.90 to 22,085.22 in volume of 15.4m shares. The index lost ground for the fourth straight day as small-lot profit-taking depressed share prices.

Roundup

THE region geared up again, scoring four more new highs.

NEW ZEALAND saw a 14-cent gain in Fletcher Challenge to NZ$3.77 on plans to divest itself of non-core assets.

Other significant contributions came from a 4-cent bounce in Telecom to NZ$4.33 and a 3-cent rise in Carter Holt Harvey to NZ$3.59.

The NZSE-40 index hit its highest point since November 23, 1989, ending 27.15, or 1.3 per cent, higher at 2,087.41 in turnover of more than NZ$70m.

KUALA LUMPUR's KLSE composite index rose 14.14, or 1.5 per cent, to a closing peak of 937.09 on strong institutional buying of core stocks. Volume was some 643m shares.

According to analysts, news that Mr Ghafar Baba had withdrawn from the UMNO party polls, paving the way for Finance Minister Mr Anwar Ibrahim to become deputy prime minister, gave the market a strong push.

JAKARTA closed firmer in active trading, the JKSE index finishing 3.22 ahead at a 1993 high of 466.31. **MANILA** reported heavy buying by both foreign and local fund managers as the composite index peaked again, closing 41.68 higher at 2,247.46.

AUSTRALIA was led forward by golds, and bargain hunting elsewhere. The All Ordinaries index gained 8.7 at 2,060.4 in turnover of A$486.3m, with golds up 65.0 at 2,212.9.

HONG KONG tried to climb but profit-taking left it slightly lower, the Hang Seng index losing a net 20.12 at 8,882.68 after an intraday peak of 9,044.71. Turnover shrank from HK$7.30bn to HK$6.46bn.

Interest moved to quality second liners with China connections, Shougang International rising 40 cents to HK$4.30 ahead of today's interim results.

BOMBAY fell on fears that there would be snags in the plan by which proxy-held shares, seized by the income tax department on supposition that they belonged to persons accused in India's biggest financial scandal, would be allowed to be transferred to genuine buyers. The BSE index closed 57.6 lower at 2,683.0.

SOUTH AFRICA

A LATE rise in the price of gold bullion and a fall in the financial rand aided a recovery in share prices after early declines. The golds index added 5 at 1,776, industrials lost 10 at 4,501 and the overall index was a net 5 off at 3,905.

Bangkok takes stock of global rally in equities

William Barnes assesses the current situation

Thailand's stock brokers are as bemused as anyone in Asia about the wave of foreign, notably US, money that has washed over the stock market since the end of September.

The SET index climbed to a new all-time high this week of 1,160.95, before some mild profit-taking yesterday took it down 4.56 to 1,153.32.

Mr Peter Schiefelbein, chief representative of Standard Chartered Securities, says: "Liquidity-driven markets are difficult to predict, so trying to choose an upside limit for this rally is fruitless."

Mr Scott Klimo, head of research at Smith New Court Far East, adds: "You have to look at this in the broader Asia context – with US investment we may have to get used to these markets on different ratings than we have grown accustomed to. Does US investment, for example, add two or three points on to the price/earnings ratios for these markets?"

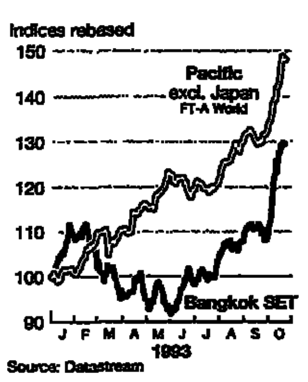
The market still looks reasonably cheap on a regional basis with a p/e ratio of 18.3 times for 1993 earnings and 16.3 times for 1994 earnings, based on forecasts by Baring. This compares with Malaysia on 25.5 times 1993 earnings and Singapore on 26 times.

But setting aside the banking sector changes the p/e ratios to 23 times for this year and 20 times for 1994.

Mr David Robinson, managing director of Baring Research in Bangkok, says there is concern that the Thai market is now acquiring some speculative froth. "If you do not believe that institutional flows (from the US, Europe and Japan) are going to continue, then you have got to be a bear; the recovery in the economy or in earnings does not justify current ratings," he maintains.

However, some brokers dismiss as "myth" talk of foreign money driving the Thai market

Thailand



Source: Datastream

through the roof. One broking house managing director pointed out that the current upswing started long before the late-September/October injection of foreign money.

Overnight money currently collecting 2 to 3 per cent makes the stock market's 4 per cent yield look attractive to locals.

Baht interest rates appear hardly likely to stiffen in the near future given surplus liquidity of between Bt50bn to Bt70bn ($2bn to $2.8bn).

No significant fundamental changes have taken place recently to steel the nerves of investors scared earlier this year by the Securities and Exchange Commission, which rounded up some 30 alleged share manipulators, followed by the "accidental" leaking of the names of 123 suspects.

No sooner did a rather deflated market pop its collective head above the parapet than it was battered by dreadful first-quarter results: from a peak of 998 in January the SET index hit bottom this summer at around 820.

Encouraged by relative political stability, lukewarm half-year results and the Bank of Thailand's confidence that its 7.5 per cent growth target for the year was achievable with low inflation, local investors took the market towards the 1,000 level in October when foreign funds leapt into the fray.

As elsewhere in Asia the money wave injected new life into smaller stocks and special situations whose balance sheets would not have been entertained by fund managers a year ago.

Although a correction, even an uncomfortable one, before the next advance would surprise none, several research-driven houses moot a level of 1,300 or 1,400 for the SET index before the end of the year.

However, the head of one brokerage house in Bangkok says that his best negative indicator has already been triggered: "I get worried when journalists phone up and start asking about the market, because then you are always near a high."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 20 1993								TUESDAY OCTOBER 19 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	154.29	-1.0	153.52	104.65	131.95	154.03	-1.0	3.36	155.77	154.79	105.41	132.58	155.82	155.77	117.39	121.86
Austria (17)	182.13	-0.5	181.22	123.53	155.76	155.63	-0.1	1.01	182.99	181.83	123.83	155.74	155.83	184.47	131.16	152.08
Belgium (42)	151.60	-0.5	150.85	102.82	129.65	134.40	+0.1	4.28	152.36	151.39	103.09	129.66	134.32	156.76	131.19	139.09
Canada (107)	130.21	+0.1	129.56	88.31	111.35	124.70	-0.1	2.88	130.06	129.24	88.01	110.69	124.84	130.38	111.41	115.75
Denmark (32)	237.39	+1.0	236.21	161.02	203.03	215.52	+1.3	1.05	235.12	233.64	159.10	200.10	212.65	239.12	185.11	195.83
Finland (23)	121.06	-1.0	120.45	82.11	103.53	145.00	-0.5	0.71	122.30	121.52	82.76	104.08	145.80	122.49	65.50	61.93
France (98)	167.08	-0.3	166.25	113.32	142.88	152.34	+0.2	3.05	167.60	166.55	113.41	142.63	152.03	173.05	142.72	148.46
Germany (60)	135.16	+0.4	134.49	91.69	115.59	115.59	+0.9	1.84	134.63	133.78	91.11	114.57	114.57	138.13	101.59	109.68
Hong Kong (55)	354.34	+0.9	352.58	240.33	303.06	351.79	+1.0	2.95	351.07	348.86	237.56	298.80	348.46	357.10	218.82	256.11
Ireland (14)	174.49	+0.9	173.62	118.35	149.23	172.84	+1.3	3.24	172.94	171.85	117.02	147.18	170.70	174.50	129.28	134.70
Italy (70)	71.13	+0.2	70.77	48.24	60.83	85.10	+0.6	1.96	71.00	70.55	48.04	60.42	84.55	78.93	53.78	54.38
Japan (469)	153.17	+0.1	152.41	103.89	131.01	103.89	+0.3	0.80	153.08	152.12	103.59	130.30	103.53	165.91	100.75	106.46
Malaysia (69)	455.35	+0.2	453.09	308.83	389.42	446.14	+0.2	1.55	454.41	451.54	307.47	386.72	445.13	455.41	251.86	255.46
Mexico (19)	1796.82	-1.3	1787.68	1218.57	1536.52	6112.00	-1.3	0.81	1819.66	1808.19	1231.33	1548.67	6169.41	1819.66	1410.30	1426.68
Netherland (24)	194.35	+0.0	193.39	131.82	166.22	164.11	+0.5	3.33	194.37	193.14	131.52	165.42	163.27	195.17	150.39	158.47
New Zealand (13)	64.10	-0.8	63.78	43.48	54.82	61.36	-0.7	3.62	64.59	64.18	43.71	54.97	61.78	64.82	40.56	39.00
Norway (23)	185.10	+0.2	184.18	125.55	158.31	181.02	+0.6	1.41	184.82	183.65	125.06	157.30	179.99	185.10	137.71	141.02
Singapore (38)	327.32	-0.2	325.69	222.01	279.93	238.10	+0.0	1.42	328.04	325.97	221.98	279.18	238.17	332.56	207.04	179.72
South Africa (60)	218.72	+0.9	217.64	148.35	187.05	197.20	-0.2	2.66	216.74	215.38	146.66	184.46	197.55	218.72	144.72	154.54
Spain (42)	143.59	+0.7	142.88	97.39	122.80	143.75	+0.7	4.06	142.62	141.72	96.51	121.38	142.78	144.44	115.23	114.02
Sweden (36)	203.75	-1.7	202.74	138.20	174.26	239.20	-1.4	1.41	207.22	205.91	140.22	176.36	242.50	208.92	149.70	154.94
Switzerland (50)	146.37	-0.4	145.65	99.29	125.20	132.04	+0.4	1.64	146.91	145.99	99.42	125.05	131.52	148.18	108.91	113.02
United Kingdom (218)	190.71	+0.7	189.76	129.34	163.08	189.76	+0.9	3.77	189.32	188.13	128.10	161.11	188.12	193.97	162.00	169.12
USA (519)	189.98	+0.0	189.04	128.86	162.49	189.98	+0.0	2.71	190.01	188.82	128.58	161.72	190.01	191.56	175.38	169.69
Europe (749)	161.46	+0.2	160.66	109.51	138.09	153.13	+0.6	2.95	161.08	160.06	109.00	137.09	152.23	162.97	133.92	138.37
Nordic (114)	191.69	-0.9	190.74	130.02	163.94	196.81	-0.5	1.25	193.42	192.19	130.88	164.61	197.87	194.54	142.13	144.57
Pacific Basin (713)	160.41	+0.1	159.61	108.80	137.19	113.08	+0.3	1.06	160.31	159.30	108.48	136.44	112.78	168.80	105.89	111.43
Euro-Pacific (1462)	160.73	+0.1	159.93	109.01	137.45	129.17	+0.4	1.84	160.52	159.50	108.61	136.60	128.56	162.86	117.26	121.52
North America (626)	186.26	+0.0	185.34	126.35	159.33	185.52	+0.0	2.70	186.28	185.11	126.07	158.57	185.56	187.68	171.51	166.34
Europe Ex. UK (531)	142.53	-0.1	141.82	96.69	121.92	131.64	+0.4	2.43	142.64	141.74	96.54	121.42	131.10	143.73	112.51	116.51
Pacific Ex. Japan (244)	230.76	+0.1	229.61	156.54	197.38	213.47	+0.1	2.72	230.57	229.12	156.05	196.25	213.26	231.62	152.70	160.18
World Ex. US (1648)	161.35	+0.1	160.55	109.45	138.00	131.29	+0.4	1.87	161.15	160.13	109.05	137.15	130.83	162.89	118.51	122.46
World Ex. UK (1949)	167.86	+0.0	167.03	113.86	143.58	145.58	+0.1	2.01	167.86	166.80	113.59	142.87	145.36	168.66	134.22	134.44
World Ex. So. Af. (2107)	169.65	+0.1	168.81	115.08	145.10	149.10	+0.2	2.18	169.54	168.47	114.73	144.30	148.77	170.46	137.29	137.44
World Ex. Japan (1698)	180.65	+0.1	179.75	122.54	154.52	175.71	+0.2	2.77	180.50	179.36	122.15	153.65	175.38	181.53	157.47	155.12
The World Index (2167)	169.88	+0.1	169.04	115.23	145.30	149.54	+0.2	2.18	169.75	168.68	114.67	144.48	149.21	170.68	137.32	137.45

Latest prices were unavailable for this edition.

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